The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Japanese Censorship and Interference With the Mail at Shanghai

ARTICLES IN THIS ISSUE

Rewi Alley Will Help Rebuild Chinese Industry

Communism Is Now Quite Safe for Americans!

"Who Owns Shanghai"—Vicious Japanese Propaganda

Roosevelt's Denunciation of the "Wreckers of Culture"

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Propaganda,—for China and for Japan

Writer Reports Foreigners Aid in China's Patriotic Movement . . . . . By Hin Wong

SATURDAY, JULY 9, 1938 VOLUME 85, NUMBER 6

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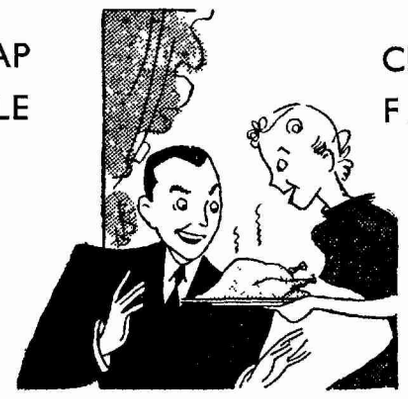

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The China Weekly REVIEW

Formerly Millard's Review

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Formerly Millard's Review

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COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII, SHANGHAI, CHINA, TELEPHONE 14741. CABLE ADDRESS "REVIEWING SHANGHAI."

JAPANESE INTERFERENCE WITH THE MAIL AT SHANGHAI

WHEN the Japanese Army placed its censors in the Central Post Office here several months ago the foreign consular authorities immediately made inquiry of the Japanese diplomatic authorities and were assured that the Japanese censors were only interested in preventing Chinese "peace-disturbers" in the Settlements from communicating with agents outside, presumably Hankow.

As a result of this assurance by the Japanese *diplomatic authorities*, the foreign diplomatic and consular officials took no further action. Foreign diplomats are exempt from Japanese censorship of their public and private correspondence anyway because they can send their mail by "official-pouch" and even by diplomatic courier in case of necessity.

But the Japanese censorship situation in the local head and branch post offices has become so serious that normal mail service has practically ceased to exist. We venture the statement that no foreign firm in Shanghai uses the post office for important mail because there is evidence available that Japanese postal espionage has extended into all branches of the service and no mail, private, commercial, or official is inviolate.

Japanese censors, brought here from Tokyo and Dairen in large numbers are now stationed in every room of the Central Post Office and nothing escapes their attentoin, either incoming or outgoing mail. Thus far the censors, acting under military orders, have not interfered with incoming mail from abroad addressed to foreign firms, but that situation probably will not exist long.

As for the Chinese they have long since ceased using the post office for their correspondence, realizing the dangers involved.

Some examples—An American whose office is on Szechuen Road sent a letter with check enclosed to the treasurer of his church. It never reached its destination. An American woman on Ave. Petain sent a letter containing a check to a business house near The Bund. It never reached its destination. An American newspapermen in Shanghai wrote to a friend in Tokyo last January. The letter reached its destination two weeks ago having taken nearly six months to make a trip which ordinarily requires three or four days.

Complaints of newspaper editors and publishers in Shanghai would fill a column: Parcels of papers sent to dealers in Tientsin and Peiping have half the copies abstracted. In some cases pages or sections have been torn out—this practice also applies to magazines and papers received by subscribers in the

North from America and England. The publishers of a religious journal in Shanghai have frequently suffered from interference in the Shanghai Post Office where copies have been abstracted or delayed for long periods. Several newspapers in Shanghai have been compelled to send their papers to Hongkong for mailing, the postage cost being double that of Shanghai.

Under intenational postal regulations to which Japan is a signatory power, publishers of newspapers and magazines must be notified if, and when, copies of their papers are confiscated by censors. The Japanese military censors here, as well as in Tientsin and Peiping, have continuously violated this regulation since they entered the Chinese post offices. Local editors frequently have had copies of their papers abstracted from the mail and the first information they received was in the form of complaints from subscribers at failure to receive papers.

Some examples—In Peiping, the members of the faculty of Yenching University are not permitted to receive any Shanghai publications excepting those under Japanese control. Numerous other foreigners in Peiping have not received copies of their papers excepting those taken to them by friends who were making the trip. In Tientsin, book and magazine dealers frequently have half their consignments abstracted from the parcels. Foreigners from Shanghai who have gone to Tsingtao, Weihaiwei, Chinwangtao and Chefoo on vacation have found it impossible to receive copies of Shanghai newspapers to which they have subscribed.

Managers of foreign firms, when approached for information on interference with their mail, usually adopt a "hush-hush" attitude, fearing Japanese retaliation. But most of them declare (privately) that all important letters and reports are sent elsewhere, usually to Hongkong, for mailing. Passengers on outgoing ships, bound for America and Europe, always carry large bundles of letters from friends to be mailed when the ship is safely outside the port.

No newspaper correspondent in Shanghai entrusts letters containing mail stories or reports to the post office. A leading magazine writer recently in Shanghai employed a messenger to carry his manuscripts to Hongkong. Even Japanese correspondents here frequently ask their foreign friends to carry letters to Japan and elsewhere for them.

Aside from the original protest, we have heard of no formal complaint being lodged by the foreign diplomatic or consular bodies against the Japanese censorship. This has been due, as indicated in the foregoing, to fear of retaliation on the part of managers of foreign firms and individuals generally, and the fact that the foreign consular officials have other means of dispatching their own mail than through the post-office.

As a result of lack of protest the Japanese have extended their postal espionage into all branches of the service and recently there has been evidence of what is know as "commercial espionage," that is inspection of mail of commercial firms in order to supply Japanese competitors with vital information about agencies and sources of supplies of native goods or services.

Japanese intimidation in the Chinese Post Office is so severe that no postal employe dares to supply information. Generally the postal officials claim the Japanese censors do not inform them (the Chinese and foreign postal officials) of seizures.

Unless the foreign consular and diplomatic authorities take a strong stand on the matter, it is inevitable that the foreigners here will, sooner or later, through their chambers of commerce or otherwise, take matters into their own hands and establish foreign postal agencies for the dispatching of mail independently of the regular Post Office which is completely under Japanese military domination.

"WHO OWNS SHANGHAI?"—VICIOUS JAPANESE PROPAGANDA

ACCORDING to before-the-war tax records about 80 percent of local taxation revenues obtained from land or rentals of real property was derived from Chinese sources. But that was before Japanese seizure of Hongkew and Yangtszepoo on the north side of Soochow Creek and the Hungjao area west of the railway. Aside from industrial property, including vast holdings by Japanese cotton mills, most of the districts now held by the Japanese Army was Chinese owned property. Most of the property on North Szechuen Road, excepting the "little Tokyo" district, Naval barracks and hospital, embracing two or three blocks opposite Hongkew Park, was owned by Cantonese.

On the south side of the Creek, much of the property along Nanking Road and intersecting streets, from The Bund to Yu Ya-ching Road and the Race Course is owned by Shanghai Jews—Sassoon (E. D. and David), the Ezras, Shamoons, Hardoons and others. The Hardoon Estate, consisting of valuable realty accumulated by the late S. A. Hardoon (of which we will speak later) is now owned by a Chinese woman, widow and sole heir of the estate.

The allegations that most of the down-town business property, bounded by The Bund, Nanking Road, Avenue Edward VII and Yu Ya-ching Road (about one square mile) is owned by Jews is untrue but the subject provided material for a vicious attempt to stir up local racial animosities on the part of a local English-language journal which bears unmistakable evidence of Japanese inspiration from the background.

There may have been some justification for criticism of local Jewish landlords due to their recent attempt to collect rents in English sterling instead of depreciated Chinese currency—but if Chinese money should continue to go down such action may be necessary generally. But the motive behind the attack on the Jews was disclosed in the last paragraph, in the allegation that the Jews had extended financial assistance to the Kuomintang, "hence there is not the slightest doubt that the situation in which we find ourselves would never have been of such duration except for financial assistance extended to the Kuomintang Government. . . . this financial interest is largely controlled by Jews . . . . it is estimated that at least 75% of the revenues from the establishments in Shanghai go to the Jews."

And then this revealing sentence—"This is also true in the biggest cities of the world, London and New York . . . *Berlin is now an exception.*"

The Ezra and Hardoon interests have long been the object of criticism due to their backwardness and selfishness which has retarded the development and modernization of Nanking Road. As for the Sassoons, they obviously did not invest here for reasons of health and they probably charge all the traffic will bear, and some more, for rental of their business and office properties. But it has been Sassoon money, reportedly a half-billion silver transferred here from India, which was largely responsible for the const uction of modern Shanghai. Credit should be given them for having sufficient courage to invest in the Settlement when others were selling out because of fear of future instability of the

foreign-administered areas due to the demands of nationalist China for control.

A chief reason for Chinese animosities against the Settlement was due to the fact the Chinese Government did not receive any land taxation revenues from these areas, hence the charge that the Shanghai Jews financed the Kuomintang was not only ridiculous but the worst sort of sophistry.

A chief reason for the large holdings of Shanghai real estate by Jews who came here largely from Baghdad and British India, was due to the fact that the Jews made Shanghai their permanent home while most occidentals who came here to earn a fortune usually retired from the scene, provided they were successful.

In view of Japan's slavish imitation of Fascist and totalitarian policies of her European allies, it probably was inevitable that her propaganda agents should attempt to promote racial animosities here similar to the situation prevailing in Germany and certain other European countries.

As for the local Jewish realty owners, they also should take stock of the drift of affairs and offset local prejudice by activities beneficial to the community, an example of which was provided in the will of the late Henry Lester, a Briton who probably owned more land that any other man in the city. He left much of his fortune to local educational and humanitarian projects. When we make this statement we have in mind particularly the large Hardoon residential estate on Bubbling Well Road, now occupied by the widow, a Chinese woman. The Hardoon residential estate ought to be turned over to the city as a public park for the free use of the people irrespective of race—including Japanese and Nazis!

REWI ALLEY'S DECISION TO JOIN NATIONAL GOVERNMENT

Rewi Alley, Australian, one of the best informed foreigners on industrialization in the Shanghai district, has resigned his position with the Municipal Council of the International Settlement to accept an advisory position with the National Government at Hankow. Mr. Alley has been connected with the Council's Industrial Section and recently has been in charge in the absence of Miss Eleanor Hinder, the Director, on furlough. Mr. Alley departed from Shanghai enroute for Hankow last week. His new work will be concerned with the rebuilding of Chinese industrial establishments in different parts of the country, particularly at points in the interior.

Mr. Alley is regarded as an authority on Industrial Cooperatives, a system which is expected to facilitate the rapid development of industries at interior points. It is thought the new system will quickly utilize many thousand idle workers now being supported in refugee camps in the foreign administered areas at Shanghai and elsewhere. Mr. Alley will be assisted by Wang Wen-hao.

COMMUNISM IS NOW QUITE SAFE FOR AMERICANS

Earl Browder, General Secretary of the American Communist Party, has converted his political group to "Twentieth Century Americanism," according to a report in *Newsweek* for June. Browder, who is himself a 100-percent American, being a native born Kansan, spent considerable time in Shanghai in the revolutionary days of 1927 where he observed communism and nationalism at first hand. Sometime ago the *Daily Worker*, official organ of the party, dropped its hammer and sickle and party identification from the front page. At the recent 5-day party convention in New York, all members were urged to become American citizens and invitations to Roman Catholics and liberals were issued to join in a "democratic front." Members were urged to support President Roosevelt's more liberal policies and to work for a militant anti-Fascist foreign policy. Revolution was to be kept in mind for future reference.

ROOSEVELT'S DENUNCIATION OF THE "WRECKERS OF CULTURE"

There was 100-percent approval on the part of Chinese and right-thinking foreigners of President Roosevelt's recent denunciation of the "wreckers of culture." The President's statement left little doubt as to what nations he had in mind. He said,

> "Countries where libraries were burned, learned men expelled, universities destroyed and art and literature censored, may be considered as countries retarding the progress of civilization."

The statement was made in the course of an address before the American National Educational Association in New York on June 30. He declared that democracy will gain the final victory due to the education which it gives to the masses, for no people can be eternally kept in ignorance and in slavery. He urged Americans particularly to defend above all the freedom of the press which constitutes a safe refuge for eternal truths. The fires of liberty must be kept burning high. He said that the benefits that the Americans will get and the prestige that American democracy will obtain from following this policy will be infinitely superior to the money spent with a view to attaining that object. He expressed the belief that the world would recover from its political and economic ills by following the "good-neighbor" policy practiced on the American continent. While the United States is opposed to war, it could not remain unconcerned in the present world situation.

In another address, delivered on the famous Gettysburg battlefield where Abraham Lincoln delivered his immortal address, President Roosevelt said that American democracy "sometimes had been thr.atened by economic interests, but whatever the source, the challenge was always the same—whether we could attain and retain the greatest good for the greatest number of people." He said the Americans are near to winning the battle. In conclusion he declared,

"Here in our land we give thanks that through avoiding war, we seek our ends through peaceful processes of popular government under the Constitution . . . the battle for American democracy would be fought, not with the glint of steel, but with appeals to reason and justice on a thousand fronts, seeking to save for our common people and country opportunity and security for the citizens of a free society . . . the critical issue for America was to preserve under changing conditions of each generation a people's government for the people's good."

U.S. Exports to Japan High

The U.S. Department of Commerce revealed July 1 that America imported 48 per cent. less in May this year than last year with imports from Japan falling off sharply. It was believed the depression in the United States was a major factor in reducing imports from Japan while the unofficial boycott may have been a minor influence. Exports to Japan, however, were fairly high.

Imports from Japan for the first five months of the year totalled U.S.$47,848,000 compared to U.S.$92,386,000 last year and from China U.S.$18,352,000 compared to U.S.$51,637,000. Exports to Japan amounted to U.S.$109,659,000 compared to U.S. $140,447,000 and to China U.S.$17,767,000 compared to U.S. $26,226,000.

A Year Ago - And Today!

Who Can Suggest Some Further Comparisons?

A year ago a resident of Shanghai could cross Garden Bridge into Hongkew without any interference except from traffic congestion.

Today, no one can cross Garden Bridge without being stopped by a bumptious Japanese sentry who insists that the pedestrian removes his pipe or cigarette from his mouth, his hat from his head and displays innumerable documents. It is not unlikely that persons crossing the bridge may shortly be required to undress in order that the sentries may make an examination for invisible tattoo marks of communistic significance.

***

A year ago anyone could drive out Hungjao road at any time, day or night, without interference from any quarter. If he was a resident of that area he could go to his home, work in his garden, entertain guests, and go about his private business without interference, except from mosquitoes and the singing frogs.

Today, even a property-owner cannot visit the Hungjao district without being subjected to interference by being stopped and interrogated, having his pass examined and possibly his car searched. If he returns home after 7 o'clock in the evening he must take a prescribed route. If he succeeds in getting past the guard, he must keep the light burning in his car and when he gets home must subject himself to curfew regulations.

***

A year ago one could go to the Shanghai railway station and buy a ticket and travel first, second or third class to any point on any of China's 9,000 miles of railways. The traveler could almost make the entire trip from Shanghai to Canton as the link had practically been completed, and at least one train had crossed the new Chientang River bridge at Hangchow.

Today, one cannot purchase a ticket anywhere, not even a trip to nearby Soochow or Hangchow without special permit which restricts movements and liberties—and after the regulations have been complied with, it is necessary to ride in a third class coach and the time for the journey is from two to four times that previously required. Trips from Shanghai to Nanking now require 13 hours and a recent traveler from Hangchow reported it had required 24 hours for a trip which previously took 4½ hours. The new crack train the Chinese authorities had put on the S. N. R. was able to make the trip to Nanking in about 6 hours. Traffic disrupted everywhere.

***

A year ago one could travel up and down the China coast from Shanghai to Tientsin on ships of any registry, stopping at intermediate ports, ordinarily with one general Chinese visa.

Today, one who travels to Tientsin must possess—in addition to smallpox and cholera vaccination certificates—a Japanese visa and a landing permit issued by the Japanese Naval authorities.

***

A year ago anybody could send private telegrams to friends or business connections without undue interference from the Chinese authorities.

Today, Japanese censors sit in all cable and radio offices with an overwhelming curiosity about the contents of your message.

***

A year ago you could board an airplane at the Lunghwa airdrome and fly to the most distant parts of the country in comparative safety.

Today, there are only the ruins of two airdromes at Lunghwa and only in South and Central China is it possible to fly about the country. A service is maintained in North China and between North China and Japan by the Japanese military authorities, but the generals always have first choice of seats.

A year ago you could drive your motor car from Shanghai to points many miles distant, including Nanking and intermediate points, to Hangchow and the mountains beyond—for a holiday over the weekend—and a few adventurous individuals had even driven to Canton and Yunnanfu.

Today, you cannot drive anywhere, not even a dozen miles outside the borders of the International Settlement or French Concession, without a pass issued by some Japanese commander, and few passes indeed are issued. Only a few persons have been permitted to made the trip to Nanking.

***

A year ago thousands of missionaries and businessmen resided at interior points all over the country.

Today there practically are no businessmen residing outside the large ports and the number of missionaries residing in the interior has been greatly reduced, possibly not one-tenth the original number have been able to return to their homes and stations, or who remained there through the hostilities. Within the year more foreigners have been killed in China than occurred in the Boxer Rebellion or in the long period of the civil wars from 1911 to 1927.

***

A year ago it was possible to conduct ordinary business activities in Shanghai and most other places, subject to some restrictions, tax exactions and inspections, but it was possible to store merchandise in a godown and be reasonably certain it could be inspected, removed and disposed of in normal fashion.

Today, if you have merchandise in a godown and it is located in Hongkew or Yangtszepoo, you must first approach some Japanese military officer and after much pleading—and other inducements to go-betweens—you may or may not be able to obtain your goods. The commercial and industrial life of the city is either paralyzed or conducted under extreme difficulities. Vast sections of the city are heaps of ruins while the care of homeless and destitute refugees has become the chief activity of Americans, Europeans and their Chinese associates.

***

A year ago it was possible to operate schools, controlled by Chinese or foreigners or both anywhere in the country. There were some restrictions, a hangover from radical revolutionary days, but educational freedom prevailed in considerable measure in practically all sections of the country.

Today, many of the leading educational institutions and libraries have been destroyed, or are occupied by Japanese soldiers. Even if intact, it is practically impossible to operate the educational institutions in areas controlled by the Japanese Army because no Chinese student would dare attend. In Peiping Chinese students were compelled to participate in a ceremony which attacked their own government and leaders.

***

A year ago China possessed a recognized and stable Central Government, housed in modern buildings in the National Capital. Its mandates on fundamental matters were observed in most parts of the country and the power of the government was rapidly increasingly. Whether or not one approved of the government, there was no disputing the fact that most of its mandates were enlightened and generally constructive.

Today that Government has been driven back to an interior city and cut off from access to the coast of its own country. In its place has been substituted an alien authority, ruling through puppet administrations in occupied towns, at least two of which claim to be the government of the country. But none of them

exercise any power or receive any respect even within the walls of the cities where they are located.

***

Millions of people, a year ago, resided in their hundreds of villages and hamlets in reasonable security and comfort, according to their standards.

Today, hundreds of thousands of these peaceful townspeople, villagers and peasants have been killed or wounded by air bombs or driven away to live as homeless wanderers and refugees upon their friends and relatives, or arecared for by public relief agencies which have had to appeal to the entire world for funds.

***

A year ago the millions of Chinese peasant farmers were at peace and were raising sufficient for their domestic needs and some for export.

Today, conditions throughout the occupied areas are desolate and unsafe and over-run with bandits and gangs which make ordinary work impossible or hazardous in the extreme. Surveys by neutral agencies indicate that agricultural production in areas under Japanese control has been reduced to a subsistence basis. Large areas about Shanghai, most intensively cultivated area in the world, are now abandoned and overgrown with weeds.

***

(*Correspondence in the North-China Daily News*)

Nanking a year ago and Nanking today are two different cities. Last year the streets were well kept, thronged with a busy populace engaged in daily tasks of government or business. The park-like spaces which border Chungshan Road were trim and neat with carefully cut grass and hedges newly clipped. The people seemed contented and prosperous.

Today streets are much neglected, the surface of the roads are pitted and rough, grass and hedges are overgrown and unsightly, while a cowed people, the men hat in hand, are seen being searched by Japanese sentries or sitting silent behind the counters of booths which have sprung up to take the place of the burned and looted shops.

The prosperous city of former days is a stricken semi-ruin, which may never recover its former glory. Who knows whether Nanking will ever again be the Capital of China? There were more than 1,000,000 inhabitants of the city last year, less than one-fourth that number are here now. Stupendous human interest went from Nanking when over 500,000 people fled, scattering in every direction. Can they come back, if they would? How many are too poor to come back? Or sick? Or dead? With business ruined, official position gone and home looted many will not wish to return even if it were possible.

Few Transportation Facilities

Last year there were over 2,000 motor cars operated by Chinese in Nanking as well as hundreds of rickshaws. Today both are pitifully few in number. The greater hardship for the poor comes from the scarcity of rickshaws. They supply transportation for those with a few dimes only for travel.

The booths and stands which have been put up where people are gathered in greatest numbers are the most conspicuous objects in Nanking. They are build of the most motley variety of materials salvaged in very many cases on the partly burned houses or shops and even from buildings not damaged but standing untenanted. Many handsome buildings now are merely a shell of four walls, with doors and windows gone, flooring prized up and taken away, tiles removed from the roof and plumbing fixtures and locks stolen. All the building material is used for putting up temporary huts, while plumbing fixtures are on sale in them.

In the South City, one of the most thickly settled districts in Nanking, there are a few shops open. The goods displayed consist of food, chiefly rice, salt, biscuits and dried, salt fish. Other articles of common use displayed are cloth, and no cloth shop has its shelves full, straw hats of local manufacture, cloth shoes, soap, matches, paper, candles, baskets and native medicines.

The merchants have in many cases opened for business in partly burned buildings. Side by side with a shop, trading in such things as are to be had, will be a toppling wall, with burnt timbers standing out, or the shell of a fine bank building. Very little is being done in the way of rebuilding, either of shops or residences.

Japanese Reject Mediation—Determined to Take Hankow Despite Consequences

RUMORS of attempted foreign mediation in the Sino-Japanese hostilities have been denied by all interests likely to be concerned—Japan, China and Britain.

What may happen—if or when Hankow is occupied—will constitute an introduction to a new chapter dealing with the second year of the war. But it is reasonably safe to conclude that nothing short of international intervention would cause Japan to alter her present plans with respect to Hankow.

The Japanese military spokesman, referring on Tuesday of this week, to the occupation of the strategic city of Hukow, located a few miles downstream from Kiukiang at the entrance to Poyang Lake, declared,

> "In addition to heavy physical and material losses inflicted on the Chinese, the success of the Japanese Army and Navy at Hukow again impresses upon the Chinese the fact that there is no campaign too difficult for the Japanese troops to carry out effectively!"

A discussion of the military phases of the Battle of the Yangtsze appears elsewhere in this issue of *The Review*, but generally Japan's desire to take Hankow is due to three chief propelling motives:

1—Attempt to defeat the National or Kuomintang Government, force a dissolution of the political alliance between the Kuomintang and the Communist Party, eliminate all central or unifying elements, thus facilitating the consummation of Japan's continental policy.
2—Enhance the prestige of the Imperial Japanese Army.
3—Obtain control of the Hanyehping Coal and Iron Works, largest resource of Central China and (with Tayeh iron works) only coal and iron interest in China not controlled by Japan.

Despite the imminance of a major struggle for the control of China's "Pittsburgh," Gen. Chiang Kai-shek courageously declared, "China would not welcome intercession by any foreign power for an armistice unless China's sovereignty was fully restored . . . . Every Chinese withdrawal proves anything but a victory for Japan . . . . it merely means a further cost to Japan in men and treasure.

In the course of an interview with the correspondent of a London newspaper (*Daily Express*), Gen. Chiang said that China is politically united and her people determined to resist. After a full year of war China's financial structure was unshaken and she had continued interest and amortization payments on her loans. Her unfavorable trade balance had steadily decreased. Many of her industries had been transferred to points inland. Rail and motor-road communication had been expanded. Women had been mobilized in aid of defense and the youth of the land was eagerly joining the new Citizens' Army . . . . "With so many young men and women

animated by such spirit, China could never be subjugated by Japan."

Although the British Ambassador, Sir Alexander Clark Kerr, denied that his trip to Hankow was concerned—in any manner—with mediation—this did not prevent the Japanese generals from attributing an ulterior motive to his trip to the Central China Capital.

Lieut.-Gen. S. Itagaki, war minister, declared to the Tokyo correspondents, "There can be no peace between us so long as the Chiang Kai-shek regime remains in power . . . . Chiang labored for 10 years to create the atmosphere leading to the outbreak of the Peiping 'incident.' He is responsible for aggravating the incident to its present proportions."

POWERS DON'T UNDERSTAND!

According to Itagaki present efforts of foreign powers to mediate constitutes evidence of their "failure to understand Japan's grim determination to overthrow the Chiang Kai-shek administration." Continuing, he said that Japan's statement of Jan. 16 last indicated the determination to have no more dealings with Gen. Chiang. "But despite frequent reiteration of the theme, the Hankow Government and third powers, anxious for Chiang to remain in office (though for different reasons, are now trying to start peace negotiations between Japan and Hankow, with Chiang at the head of the government. There is no further room for discussion."

The present Sino-Japanese conflict, according to the head of the Tokyo war department, "is the most complicated event in the world's history . . . . the Japanese people must regard it as their long-term constructive enterprise on the Continent . . . . but we must be careful not to invite misunderstanding of other powers . . . . We must be careful about the use of the term 'constructive enterprises' because the government has frequently reiterated its respect for rights and interests of third powers in China."

Gen. Sadao Araki, head of the Ministry of Education, expressed the opinion that the war "was but a natural outcome of the ideological and cultural changes which followed the World War . . . . for this reason the termination of hostilities will not mean the final settlement of the incident . . . . which will be protracted . . . Japan's fate hangs on the solution of the basic question."

Gen. Ugaki, Foreign Minister, declared on June 24 that the situation in China, considered from the point of view of the interests of foreign powers, "did not permit optimism of the future . . . . Japan would have to deal with it cautiously."

Japanese-American relations were discussed on Monday between Ambassador Joseph C. Grew and Foreign Minister Gen. Ugaki in a two-hour conference. No details of the discussions were made public.

Sir Robert L. Craigie, British Ambassador to Tokyo, also had a lengthy talk with Foreign Minister Ugaki (June 28), lasting nearly three hours. It was understood that the British Ambassador made representations regarding the Hainan Island issue.

Commenting on Gen. Ugaki's assumption of the concurrent post as Overseas Minister, the *Nichi Nichi Shimbun* stated (June 25): "Gen. Ugaki's concurrent post is considered significant, inasmuch as emphasis is placed on relations between Japanese colonies and Manchukuo and China, and the special relations of diplomatic organs between Japan, Manchukuo and China."

After months of argument and deep controversies (which precipitated the resignation of Koki Hirota) Japanese Cabinet members are still unable to reach an agreement on the establishment of the so-called "China Affairs Bureau." Latest report was that the Bureau may be established sometime in August before the organization of the North China and Central China Development Companies is completed. The Bureau, when established, will supervise both development companies and in addition will have charge of all Chinese political, economic, financial and cultural matters.

Lt.-Gen. Kenji Doihara, Japan's "Lawrence of Manchuria," who participated in the war on the Lung-Hai front whose troops suffered a severe reverse at Lanfeng, arrived at Kobe on Monday. He immediately proceeded to Tokyo to report on military operations in China to the Emperor.

STILL JUGGLING!

From Ken Magazine (Chicago)

Warning the Japanese people against optimism, Premier Prince Konoye declared (June 23) that the "incident" had developed into protracted warfare, hence it was necessary for people to exercise patience. If the incident further develops," domestic administration may

have to be reconstructed to suit the incident."

Further denial of reports of French assistance to China was made by Charles Arsene-Henry, French Ambassador to .Japan. The French Government banned imports of Japan-made canned goods, pottery and porcelain ware, effective from July 1, according to *Domei*. The step was said to have been taken to counteract the Japanese Government's restrictions on foreign imports.

Japanese newspapers alleged that the French Ambassador, Paul Naggiar, after a conference with the Governor of French-Indo-China, went to Hankow and called on the Chinese leaders. Later, he called on Gens. Yu Han-mou and Wu Te-chen in Canton and went to Hankow on June 13. The *Mainichi* alleged that the following agreement had been reached between China and France:

1. Building of a railway to connect Nanning (Kwangsi) and Tsengnankwan (northeastern part of French Indo-China.)
2. Building of a railway to connect Kunmin (Yunnan) and Hanoi (French Indo-China). The railway will be extended to Szechuan.
3. Building of highways between Yunnan, Kwangtung, French Indo-China and Burma.
4. Creation of an economic bloc between Yunnan, Kweichow, Szechuan, Kwangsi and French Indo-China.
5. Invitation of French military advisers by the Chinese authorities.

Preparations for an exhibition devoted to the struggle of the Chinese people against the Japanese aggression in the Museum of Revolution of the U.S.S.R. have been completed, according to a *Tass* report from Moscow. Various exhibits reflecting the history of the revolutionary movement in China, beginning with the middle of the last century to 1937, will be displayed. A special section will demonstrate the struggle of the Chinese people against Japanese usurpers, the part of the Communist Party of China in the struggle for the United People's Front. The red banner of the 8th Revolutionry Army is among the exhibits of this section.

The *Chicago Tribune* printed a dispatch from Latvia on June 1, asserted that a nine-point treaty between the Soviet Government and the Chinese Republic had been signed in Moscow. The text was not disclosed but it was officially stated that the aggreement concerned additional Soviet help for the Chinese in their war against Japan. The most important point in the treaty, according to the *Tribune's* correspondent was that the Chinese Government had granted the Soviet Government exclusive privileges in China. The Soviet authorities, on their part, promised to furnish China with arms and airplanes.

Owing to recent political assassinations, the Shanghai Civic Association, organised by pro-Japanese elements, is on the verge of collapse, as most of the members have resigned from the puppet organ.

The "Ta Tao Government" of Pootung is planning to take over the "Peace Maintenance Committee" in Nantao, which has remained independent of the Pootung regime since its formation.

In order that Chinese Buddhists may understand the spirit of Japanese Buddhism, Japanese monks have started a series of lecture meetings on Japanese Buddhism in Hangchow.

ANNIVERSARY OF WAR

Significance of observance of the first anniversary of the Sino-Japanese hostilities on July 7 was stressed in a statement issued by the Central Publicity Council. It was pointed out

> "China's power of resistance has been greatly enhanced since the start of the war, but on the contrary, Japan is weakening both militarily and financially. In point of manpower, resources, geographical position and the morale of the people and troops China is much superior to Japan. This strengthens our belief in China's final victory." July 7th Incident, the message emphasized, should be remembered as the day that marked the start of resistance by the entire Chinese nation and the real beginning of China's national reconstruction. That was why the National Government had officially designated the day as "The Day of China's Regeneration by Armed Resistance" to be observed annually hereafter.

For the purpose of consolidating national unity, the Chinese Government decided to hold the first general meeting of the People's Political Council in Hankow on July 6. The meeting was expected to last for 12 days, the report stated.

Japanese in Shanghai alleged that secret orders had been issued by the National Government at Hankow for a nation-wide terrorist campaign with Shanghai as the center of operations to be launched on July 7. The alleged secret orders were said to include the following:

> Assassination of pro-Japanese Chinese elements;
> Attacks on Japanese organs in the International Settlement;
> General strike of employees in all public organizations;
> Demands by refugees for better treatment and living conditions;
> Withdrawal of refugees in western Shanghai districts; and
> Demonstration for the "Emancipation" of Hongkew.

General Chiang Kai-shek, in a circular order issued on July 2, declared that as the campaign of resistance had approached a decisive stage, no local official would be permitted to leave his post without special authorization. Any local official who withdraws without the order of the nearest high military command will be punished in accordance with military law.

A delegation representing the people of Hsikang province arrived at Hankow to present a silk banner to Gen. Chiang Kai-shek as a token of Hsikang's active support of the campaign of resistance.

ARE REDS LOSING POPULARITY

Popularity and influence once enjoyed by the Chinese communists are now on the decline, according to a report from Hankow. In the early stages of the war, the Chinese Communist Party and the Chinese Red Army (8th Route Army) enjoyed nation-wide popularity. But since the commencement of the "second period of the present Sino-Japanese War" (Hsuchow battle), the popularity of the Chinese Communists suffered a setback. The *Reuter* report pointed out that main cause of this change of attitude towards the Chinese communists was the realization of the public that General Chiang Kai-shek and his armies must, after all, be relied upon for China's resistance against the Japanese, combined with feeling that the Chinese Communist Party and the 8th Route Army have failed to make any valuable contribution towards the cause of Chinese resistance. While the 8th Route Army in Shansi and Hopei provinces has given valuable assistance to the Chinese army in operations in those provinces, the public has come to feel that the 8th Route Army is but one of hundreds of other Chinese units which are fighting the Japanese.

At first an additional reason for the popularity of the Communists was the belief that their cooperation would secure the cooperation of Soviet Russia. Now, however, it is felt that Soviet Russia's help to China is based on the policy that the more effective resistance China can put up, the more remote will be a war between Soviet Russia and Japan. The question whether the Chinese government is pro-communist or not, is not the vital issue.

General Chiang Kai-shek, however, wishes to maintain closest relations with the Chinese Communist Party leaders in order to ensure national unity.

OVERSEAS CONTRIBUTE LIBERALLY

Liu Wei-chih, former Vice-Minister of Industries, in a press interview at Hongkong after his return there from a trip to the United States, declared that Chinese nationals in America are enthusiastically supporting the campaign of resistance against Japan. Patriotism of overseas Chinese, according to Mr. Liu, can be well illustrated by the enthusiasm with which the overseas Chinese contributed their hard earned money toward the

war fund. There are more than 80,000 Chinese in the United States, but the total of their contributions runs up to over $10,000,000. This amount only represents the total of donations collected prior to last March, and on the average, each Chinese resident in American has contributed more than $100. In Hawaii alone, where the Chinese population is only little over 20,000, no less than $1,000,000 has been contributed, Mr. Liu added.

Review of the First Year of the War

(By a Chinese Contributor)

AMID circumstances of the growing unification of China and the improvement of her military preparedness on the one hand and the multiplying internal disorders and economic ills in Japan itself on the other, the Lukouchiao incident broke out on July 7, 1937, followed by a series of incidents at Tungchow, where there were two massacres, not one, the first being by Japanese soldiers and the second by their puppets, at the Hungjao Airdrome near Shanghai, and an insane attack on Chinese cultural institutions by the Japanese at Tientsin.

Then followed the Second Shanghai War in which the Japanese militarists again showed their incapacity to evaluate properly the strategical elements of the general situation. The local hostilities dragged on and on until the Japanese Army was finally compelled to make a major effort in the Shanghai area, only to fall short of a strategical success as the Chinese retreated with their forces intact on November 9 to 11, leaving the International Settlement and French Concession isolated from the rest of China by Japanese forces.

In the meantime, there had been repeated scenes of Japanese anti-foreignism in China, in which the British were apparently the chief objects of Japanese hatred, including the wounding of the British Ambassador to China, an attack on another British Embassy car, aerial and artillery attacks on the Royal Ulster Rifles, which resulted in four deaths and several others wounded, a provocative "Victory March" through the International Settlement, the bombing and sinking of the United States gunboat Panay and two American merchant ships, bombing of British warships. Apologies and indemnities closed the more serious incidents but attacks on individuals including the slapping of an American Consul-General at Nanking, continued in 1938. The Japanese gave every indication through a year of hostilities of striving to liquidate all Western interests in China by hampering their trade in every way possible.

After the fall of Shanghai, the Japanese Army pushed on to Nanking, which fell on December 13. The wildest excesses imaginable of Japanese soldiery followed; civilians, young and old of both sexes, were wantonly murdered; Chinese women, estimated to number as high as 20,000, were raped; 20,000 helpless captured Chinese soldiers were executed, and the record in general was one of unbridled license and cruelty, leading even to words of condemnation from General Iwane Matsui, then Japanese Commander-in-Chief in Central China.

At the same time that the Second Shanghai War was under way, the Japanese campaigned in North China. They failed for a time at Nankow Pass but eventually outflanked that important position and later advanced into Shansi. Kweihua, the capital of Suiyuan Province, fell to the Japanese on October 14, and by November 7 Taiyuanfu was also in their hands. Thereafter the demands of the Japanese command on the Shanghai-Nanking front resulted in a lull in North China but on February 11 the campaign reopened in Shansi with the Japanese forces making rapid advances from their bases at Taiyuanfu and Taiku in Shansi, at Shehsien and Changteh in northern Honan and at Tamingfu in southern Hopei. The Japanese advances were spectacular from the standpoint of movement and the occupation of important towns but they failed to conquer the hinterland away from the lines of communication. As a result there was constant trouble with their communications and belatedly they realized that they would be unable to outflank Hsuchowfu from the direction of Shansi, thus making the campaign a tactical success but a strategical failure.

In March, the Japanese started their campaign in Shantung for the capture of the strategically important railway junction city of Hsuchowfu in northern Kiangsu. The Chinese deliberately set a trap for the Japanese forces which the latter walked into and at Taierhchwang the Japanese met their first great defeat early in April at the hands of the Chinese. The news of this event electrified the Chinese nation, greatly increasing Chinese morale. The Japanese Army, galled by defeat, sent reinforcements that could ill be spared from other fronts but again strategical success eluded the Japanese for the Chinese marched their last units away from Hsuchowfu on May 19, not in a rout but in fighting formation.

Japanese boasts of a "greater Tannenburg" were so many empty words for the Chinese armies turned upon their pursuers and fought them to a standstill; attacked Doihara's division, inflicting on it such serious losses that he narrowly escaped annihilation. Later the Japanese took Kaifeng, the capital of Honan, and advanced on Chengchow but the floods of the Yellow River were loosed and again the Japanese were foiled. The campaign then shifted to the Yangtze, where the Japanese took Anking in an advance on Hankow, but the terrain and general condition as to communications no longer favor the invaders.

A year of war has ended and Chinese guerillas are fighting in the neighborhood of both Shanghai and Peiping. All North China except important cities and lines of communication are under Chinese rule. The Eighth Route (former Red) Army has doubled its strength and trebled the area in which it operates. It is one of the most efficient units in the National Armies and a constant thorn in the Japanese forces in the north, so much so that Japanese successes in Shansi have been largely negated.

The major results of the first year of war include: (1) the complete unification of China under the leadership of Generalissimo Chiang Kai-shek as a result of Japan's senseless aerial bombings and outrages; (2) Chinese armies are stronger today than a year ago; (3) Japan has spent at least half of her war treasure of gold; (4) Japan has lost a third of her foreign trade; (5) Japan has suffered 500,000 casualties, while the Chinese have lost perhaps three times as many; (6) Chinese strategy has succeeded while that of Japan has failed; (7) Chinese morale and conviction of ultimate victory is higher than a year ago while that of the Japanese is lower.

Bank Building Reported Sold to French

The China Development Bank Building at corner of Kiangsi and Foochow Roads, last week was reported by Chinese sources to have been sold to a French syndicate. The sum involved in what is believed to be the biggest realty transaction in Shanghai since the outbreak of the Sino-Japanese hostilities was stated to be $1,500,000. The Bank, it is understood, has removed its head office to Hongkong since the withdrawal of the Chinese forces from Shanghai.

One of the four tall buildings forming the most imposing street intersections in the downtown district, the China Development Bank building houses the offices of the United States Consulate, the United States Court for China and the Postal Remittance and Savings Bank. The three other buildings at that street intersection are the S.M.C. Administration building, the Hamilton House and the Metropole Hotel.

People's Political Council Holds Meeting in Hankow

Inauguration of the National People's Political Council, slated for July 1 but postponed, was scheduled to take place on July 6 at Hankow. The Council will be composed of 200 members with Wang Ching-wei and Dr. Chang Po-ling as President and Vice-President respectively. The main functions of the new organ are to assist the Government in improving China's internal administration and recommending measures aimed at the strengthening of the nation against Japanese aggression.

Executive Yuan President H. H. Kung on July 5 was host to 150 delegates to the council. Dr. Kung told those assembled that the meeting was being convened at the most critical period in the history of the nation, in order that the services of men of talent throughout the contry—regardless of their political affiliations —may be fully utilized to overcome the emergency. Dr. Chang in reply, expressed confidence that the assembly would fulfill the mission for which it was convened.

Robbery in Western District Embarrassment to Japanese?

Tnirteen bandits, all armed with sawed-off rifles, in the early hours of July 6 invaded the residence of R. N. Swann, prominent British resident, at 501 Macleod Road, tied up the occupants and escaped with a loot of yet unascertained value in one of the most sensational crimes in Shanghai committed right under the nose of the Japanese forces who are occupying the western outskirts of the city.

Police of the International Settlement are unable to conduct investigations on the scene of the crime as Macleod Road district is now under Japanese military occupation. The officers, however are on the alert to help in the affair as some of the gangsters may eventually turn up in the International Settlement.

The bandits, it is stated, are members of a gang of 60 which had been terrorizing the villagers west of Shanghai for the last three months. They are alleged to have established their underworld headquarters in Brenan Village, which is also under Japanese military occupation. The daring crime by the well-organizad gang has aroused much indignation at the Japanese military headquarters in Western Shnaghai and Swann, who reported the case to them, is understood to have been promised regular night patrols in the district and the taking of appropriate steps to bring the culprits to the law.

Trade Agreements Signed by Italy, Manchukuo, Japan

Trade agreements between Manchukuo and Italy, and Japan, Manchukuo and Italy were signed in Tokyo July 5 by the representatives of the three Governments. The Manchukuo-Italian agreement was signed at the Manchukuo Embassy. Representing the Hsinking Government were the Manchukuo Ambassador, Yuan Chen-yuo; Tekeshi Hara, Counsellor, and three other officials of the Embassy. The Italian delegation included Senator Ettore Conti, Chairman of the Italian economic mission, and Signor Giacinto Auriti, the Italian Ambassador to Japan.

Signing of the Japan-Manchukuo-Italian agreement took place at the official residence of General Kazushige Ugaki, Foreign Minister. The Vice-Minister of Foreign Affairs, Kensuke Horinouchi, and several other Gaimusho officials participated in the function.

Following the signing, the Manchukuo Embassy issued a communique. The communique stated that the treaty between Manchukuo and Italy is designed to maintain and promote friendly relations and develop commercial relations between the countries. The treaty consists of six articles providing for: lasting amity between the two countries, exchange of diplomatic missions, exchange of consular officials and discharge of their duties, privileges to nationals, general communication between the two .countries and co-operaton in readjusting and promoting communication and increasing trade between the two countries.

Sunken Boom Ship Is Refloated Here

Freed from the grip of the Whangpoo's muddy bottom, the 1,500-ton Suzan Maru, one of the vessels sunk by the Chinese to make a boom while the hostilities were raging in this area, was refloated July 2 after two months of work, the *Nippo* reported. The ship was brought to the surface by 130 employes of the Japan Salvage Company who are engaged in raising several vessels of the Nisshin Kisen Kaisha. Other ships still on the river bottom include the Nanyang Maru, Sianyang Maru, Loyang Maru, Suiyang Maru, Heisei Maru, Chuko Maru, Shinkaan Maru and Choyo Maru. The refloated ship will be put back in inland service after undergoing repairs. Other raised vessels which may be found to be too badly damaged for service will be scrapped, the *Nippo* said.

British and French Pacts With Turkey

Since the beginning of July, both Great Britain and France have concluded agreements with Turkey, France on July 1 signing a friendship and military pact, whereby both countries jointly guarantee the external and internal security of the Sandjak of Alexandretta on the basis of equal footing, and Great Britain approving the Armaments Credit Agreement Bill with the same country.

In the Franco-Turkish agreement, an annex to the protocol provides that the two states will station an equal number of troops in the Sandjak. Finally, a joint statement deals with border problems between Turkey and the former French mandated Syrian territories, and establishes provisional rules until a formal agreement is reached on the subject.

"The difference in views regarding the Sandjak of Alexandretta was dealt with in a spirit of mutual comprehension," M. Georges Bonnet, foreign minister, said. "The settlement of this problem should be placed within the framework of the Franco-Turkish accords. In 1921, France recognized an arrangement which conferred a special position to Turkish elements, while Turkey confirmed her territorial disinterestedness. The military agreement defines the conditions under which Turkey and France will enforce their joint guarantee regarding the Sandjak."

In the British agreement with Turkey, first signed on May 27, Great Britain undertook to advance, by way of a loan, to the Turkish Government such funds not exceeding £6,000,000 as might be payable by the Turkish Government, under contracts concluded by that Government, for purchase, in the United Kingdom, of materials necessary for the defense of Turkey. Advances so made would bear interest at one per cent above the bank rate, with a minimum of three per cent up to January 1, 1943 and, after that, at a rate certified by the Lords Commissioners of the Treasury to be right and appropriate for a loan of similar form, guaranteed by British Government with a Minimum interest of three per cent. These advances, together with the accrued interest, would be repayable in equal half-yearly instalments over a period of 10 years —1951 to 1962. The Turkish Government has an option to repay any advances at any time.

Foreign Property Continues to Suffer Under Japanese Bombardments

Foreign property, both business and mission, continues to suffer under the impact of Japan's war on China. Japanese planes on June 21 dropped bombs on the properties of three British and American oil firms while carrying out raids over Wuchow. One bomb fell within several yards of the number one tank of the Standard Oil Company, another on the property of the Texaco Oil Company and a third on the property of the Asiatic Petroleum Company. One bomb fell in the river near the latter installation.

A Japanese bomb on June 17 fell on property belonging to the American Christian Herald industrial mission killing and wounding several Chinese and demolishing some property. No foreigners were injured, according to the report which said the property had been rented to Chinese.

Bombs dropped on Haichow by Japanese naval aircraft on June 14 hit the chapel of the American Presbyterian Mission, the American Consulate-General here was advised recently. While the information given in the message was very meager, it was emphasized that no foreigners were injured during the raid. The aerial bombing of the town tended to confirm Chinese reports that the eastern terminus of the Lunghai Railway is still being held by Chinese troops.

At Swatow, July 2, Chinese reports said Japanese bombed the American "Hospital and Workshop for the Poor." On the same day, a house next to the American Walter Berger export firm collapsed, causing $60,000 damage to the firm. Father W. Downs, member of the Mary Knoll mission, escaped death by inches.

Japan Hard Hit by Floods

At least 164 persons were killed, 82 injured and 72 are missing in the disastrous floods in western Japan caused by severe rainstorms up until July 6. A total of 160,000 houses has been inundated, 2,252 houses razed or washed away, and 588 houses partially destroyed.

After having wrought considerable havoc over a wide area, including Osaka, Kobe and other large cities in western Japan, the weather cleared up July 5 and swollen rivers began to recede.

Hardest hit by the rainstorms were the low-lying sections of Kobe, where muddy water poured through caps in the dikes of the Nunohiki Reservoir. It was anncunced in Tokyo that the Emperor and Empress granted sums of money to the victims of the rainstorm and flood in Tokyo, Ibaraki, Kanagawa, and Shizuoka prefectures.

Admiral Nobumasa Suetsugu, Home Minister, announced on July 5 that material damage caused by the recent floods in the Kwanto district, where Tokyo and Yokohama are located, was estimated at about Yen 100,000,000. Heaviest suffered was Ibaragi prefecture where losses were put at Yen 50,000,000, with Tochigi prefecture second, having suffered damages calculated to total Yen 10,000,000.

BISHOP ROOTS CERTAIN CHINA WILL WIN VICTORY

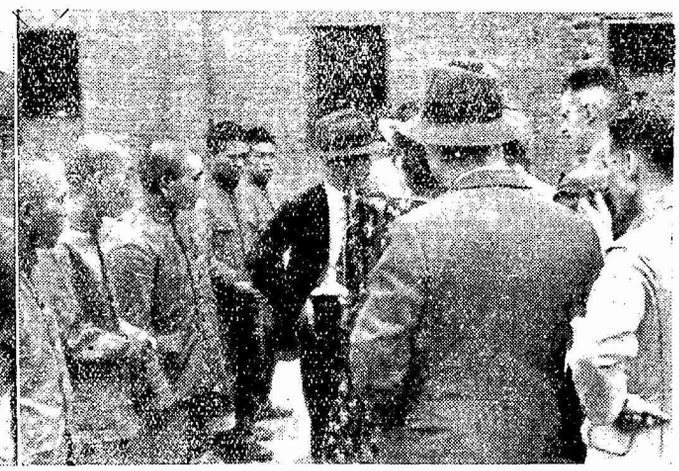
The Right Rev. Logan H. Roots, Bishop for 34 years of the American Church Mission and the Protestant Episcopal Church at Hankow, who recently returned to the United States, declared in an interview at San Francisco, his conviction that China will ultimately win the struggle with Japan. The spirit now prevailing in China, according to Bishop Roots is akin to that of revolutionary Christianity. "The revolution which China proposes is that of displacement of the rulership of self-centered man in human affairs by the rulership of Christ . . . . I think that China will demonstrate to the world that arms are not necessarily supreme. China is showing a determination to build a new spirit among her people which is constructive, creative and high-minded."

Bishop Roots predicted the defeat of Japan because the Japanese armies could not overcome the resistance born in the growing tide of nationalism now arising throughout China from the destruction of war.

Bishop Roots was accompanied by his daughter Frances, who taught music in the Hankow schools.

The interesting picture above was taken at Hankow prior to the departure of Bishop Roots from Hankow. Those in the picture are: (Left to Right) Bishop Roots, Anna Louise Strong, Peng Teh-huai, Miss Frances Roots, Agnes Smedley. The picture on the right is Agnes Smedley with a stock of splints and hospital supplies for the 8th Route Army in the Northwest. The picture was taken at Bishop Root's home, where Miss Smedley and Miss Strong resided. Miss Smedley, author of "The Red Army Marches," has resided in China for many years and is an authority on conditions in the territory controlled by the 8th Route, or former Red Army in the Northwest. Miss Strong, also well known as an author and writer, has resided in the Soviet Union for many years. She is now lecturing in the United States. Peng Teh-huai, also shown in the picture, is deputy commander of the 8th Route Army. Miss Roots, together with Miss Smedley and Charles Higgins of Hankow were members of the Northwest Relief Committee in Hankow.

JAPANESE PRISONERS AT HANKOW TELL THEIR STORIES



Japanese prisoners at Hankow—These pictures settle the argument, that there are Japanese prisoners at Hankow and that this particular group, captured at Taierchwang, is being well treated. According to the Chinese military announcement, some 700 Japanese prisoners were taken in the famous battle. It has not been announced, for obvious reasons, where these soldiers are held, but it was rumored most of them had been sent to the Northwest where they are being given "special instructions and training" by the political department of the 8th Route (ex-red) Army. These pictures were taken at Hankow as the Japanese prisoners were being interviewed by foreign newspaper correspondents.

Yangtsze Floods Menace Japan's Hankow Drive

THIS week, as a Japanese military spokesman in Shanghai crowed, "There is no campaign too difficult for the Japanese troops to carry out effectively," Nipponese soldiers smashed their way into the town of Hukow, 440 miles up-river on the rain-swollen Yangtsze from Shanghai and close on to the border lines of Anhwei, Hupeh and Kiangsi provinces. And as the Mikado's men rolled into this strategically vital town at the mouth of Poyang Lake, Japanese claimed that 1,000 Chinese soldiers, fleeing from Hukow to the west on Poyang Lake in sampans, were subjected to point blank fire from their artillery. Twenty-nine of the 30 junks, said the Japanese, in which the Chinese sought to escape were destroyed and sunk. Those who survived the bombardment, were mostly drowned. Significance of Hukow's capture was that it placed Nipponese 160 miles from Hankow and within a 100-mile radius of Nanchang, Chinese munitions and supply center. Chinese however, as late as July 7, continued to deny that Hukow was captured.

Japan's army immediately sounded off for the benefit of the world. Their military experts said it was the most successful river attack through hostile country in the world's military annals. But few neutral observers would deny that the 70-mile march from Anking, Anhwei's capital, was not swift. It was made, on China's own admission, through heavily-mined waterways and stoutly-fortified countryside. It meant the blowing up of the Matang boom, consisting of nine large sunken steamers, to provide a channel for advancing war vessels, and the destruction of 256 (Japanese figures) Chinese mines. On June 24, they had taken Siangkow; Matang, June 26; Pengtseh, June 29; Shihpaling, June 29; Matang boom, June 29; Niangniangmiao, June 30; Tienshan, July 1; Hukow, July 4. On their way up-river, the Nipponese had to reduce two fortified areas, one guarding the Matang boom, another at Niangniangmiao, before control of the waterway was gained.

But Japan's navy did not go unscathed in its drive up the river. Reliable sources in Shanghai reported that Chinese bombed and severely damaged a Japanese aircraft carrier, carrying 30 to 40 planes. The deck and superstructure of the ship was reduced to twisted wreckage. It was towed by trawlers to lower Yangtsze regions, and accompanied by three destroyers, one in a sinking condition. One transport was said to have had its stern blown out. One damaged torpedo boat was recently brought to the Kiangnan docks for repairs.

The occupation of Hukow, achieved by cooperation of Japan's army and navy and their respective air branches, gave Japanese spokesmen a change to repeat, "It shows the hopelessness of resisting among the Chinese rank and file." But China was still resisting.

Military observers in Shanghai, however, predicted that Japan's drive on Hankow must be completed within a fortnight or fail—drowned in the flood waters of the Yangtsze, already gathering force and due within the next two weeks to sweep through the Gorges into the low-lying lands around and to the east of Hankow. Opinion was that if the Japanese fail to reach Hankow before the floods swirl westward, they will be placed in a disastrous position, their fleet trapped and their land communications cut by high waters.

Claim 54 Planes Destroyed

Even as Hukow was occupied, Japanese claimed further successes—mainly, the "wiping out of China's first-line air defense," when naval planes raided Nanchang July 4. The Japanese said they shot down 45 Chinese aircraft and destroyed nine on the ground. "The remaining Chinese combat planes," said a naval spokesman, "on first line duty could be counted on the fingers of both hands."

The amazing things that Japanese can do which no other ordinary human being is capable of accomplishing, continues to be exploited by the Men of Bushido. In the past, Japanese propagandists have written reams about airplanes which, with wings shot off, have flown safely back to their bases, of dead airmen who have piloted their ships home again. This time, a Japanese bomber, hit and set afire by Chinese machine gun bullets, flew 500 miles to its base, and flew so fast it put out the fire. Here is an account of the feat, as related by a Japanese naval spokesman here July 5:

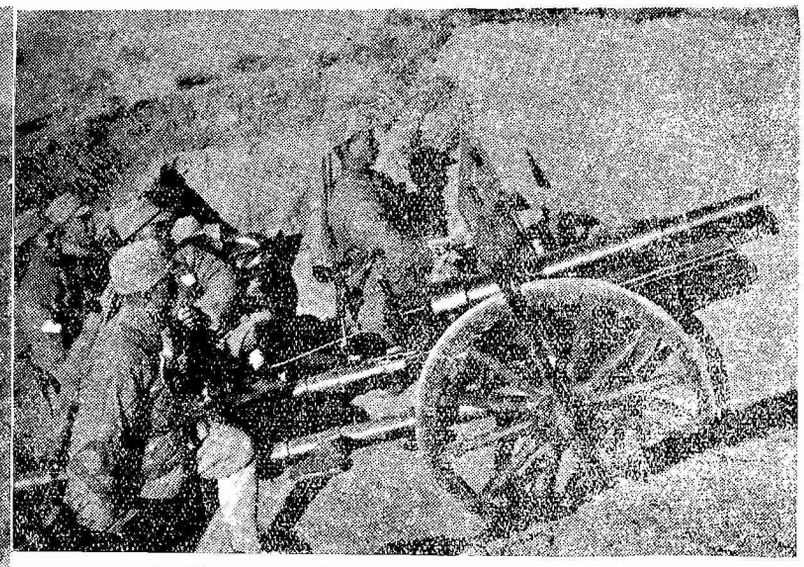
The feat, he said, "verged on the miraculous." He attributed the safe return of the twinsengined craft and its crew to the presence of mind of the pilot, a warrant officer; the ability of the flier and an "exceptional share of good luck."

Attacked by 15 Chinese pursuit craft, the bomber was hit in one of its fuel tanks, which burst into flames. The pilot, Warrant Officer Chikara Suehiro, First Class, "gave the gun" to his motors and nosed his huge machine in an almost perpendicular dive. Fanned by a terrific slipstream current, the flames shot back, rearing fiercely. Nearing the surface of Poyang Lake, the pilot righted his machine, and again sought altitude in a desperate attempt to put out the flames.

And the Fire Went Out!

"The theory," the spokesman explained, "was to get enough wind pressure to just blow the fire out." In a second dive the pilot did not straighten out until he was

BATTLE OF THE YANGTSZE



Left—**Chinese soldiers advancing to the front lines in the defenses along the Yangtsze. Chinese artillery unit on the same front.**

only 400 meters from the lake surface, but this time the flames were extinguished. The machine was then safely brought back to its base. Another occupant of the machine was Lieut. Takeshi Ogawa.

On July 1 and 2, according to a *United Press* report, Japanese warships and flights of bombing planes co-operated in bombarding Swatow, causing thousands of dollars of damage to Chinese and foreign civilian property, and bringing the toll of dead and wounded, for two days of bombardment, to an estimated 1800.

Americans on the decks of the U.S.S. Sacramento on July 2 watched the city as nine Japanese bombers for three hours rained more than fifty bombs in the vicinity of the military headquarters, the municipal building and industrial works. Later, fifteen planes carried out a second raid. Twenty-four bombs were dropped adding to the cleaning up work which was engaging the Chinese authorities.

Thousands Flee

Thousands of Chinese fled from Swatow as the bombing raids continued for the second day creating scenes almost the same as those at Canton after repeated Japanese attacks. No anti-aircraft or machine-gun fire answered the raiding planes. Chinese reports said the buildings bombed included the American "Hospital and Workshop for the Poor." A house next door to the American Walter Berger export firm collapsed July 2. It was reported that the losses suffered by the American company would amount to 60,000 yuan. One report said the ownership of the company could not be definitely determined.

Father W. Downs of Erie, Pennsylvania and member of the Mary Knoll Mission miraculously escaped death July 1 when a Japanese bomb destroyed his house. Slightly injured, he made his way to the water front where he signalled for the tender of the Sacramento. Chinese police saw him signalling and detained him for three hours. He was taken aboard the American boat on his release and given medical treatment. He will recover from his wounds which were not serious.

A Chinese report said that among the casualties of the bombings were 200 students of the municipal school which was demolished.

Rapidly-increasing Chinese guerilla activities is noticeable on all fronts, particularly in the Shanghai area. Numerous truckloads of wounded Japanese have been seen arriving from the Minghong section this week. On the eastern front, guerilla strength is estimated at 500,000. Wusih, Liyang and Fuyang, once prosperous cities in Chekiang and Kiangsu, the dispatch continues, have become centers of guerillas. There at least two divisions of guerillas fighting the Japanese forces, it states. They were reported to have crossed the Chientang River and occupied a number of villages near the famous West Lake at Hangchow. The Japanese forces are garrisoning cities in the eastern war area, and the suburbs of these cities are still under the control of the guerillas, the report alleges. On the Shanghai-Nanking Railway, Japanese sentries are posted at 1-kilometer intervals and one machine-gun nest is placed every 3 kilometers as a precautionary measure against possible attacks by the mobile units, the report says.

Admiral Shen Hung-lieh, former mayor of Tsingtao and now chairman of the Shantung provincial government, according to another Chinese report, is directing guerilla warfare in eastern Shantung.

Military Conscription in Wuhan

Military conscription came into force in the Wuhan area (Wuchang, Hankow and Hanyang) on July 1. This step was taken by the Hupeh Military Control Area Headquarters, with the approval of the Ministry of War, following a careful investigation into the number of able-bodied men in the Wu Han area.

Japan Shows Adverse Trade Balance

Japan's foreign trade for the last 10 days of June ended in an adverse balance of 3,179,000 yen with imports amounting to 87,820,000 yen and exports totalling 84,641,000 yen, the Finance Ministry revealed. Meantime, official figures released show that Japan's imports from January to June, this year, were valued at 1,483,000,000 yen, while exports amounting to 1,287,000,000 yen, resulting in an excess of imports over exports of 195,000,000 yen, representing a decrease of 759,000,000 yen or 33 per cent on imports, 314,000,000 yen or 19 per cent in exports from the corresponding period of 1937. The adverse balance for the six months' period was reduced by 445,000,000 yen or 70 per cent as compared to last year.

Japan Claims Destruction of 1,014 Chinese Planes; Admits Loss of 88

The destruction of 1,014 Chinese airplanes, from the beginning of the Sino-Japanese hostilities in Central China in August, 1937, to June 26 this year, was claimed by Tokyo this week in a communique giving a resume of the activities of the Japanese Navy in the air, at sea, and on land. Shot down were 498 Chinese airplanes, while 516 were demolished while grounded, the announcement issued by the Naval Section of the Imperial General Headquarters said. Japanese naval aircraft losses were placed at 88 machines for the entire duration of the hostilities.

Japanese Hero of 54 Air-Raids Killed

The *Asahi Shimbun*, Tokyo, June 23, reported the death of Kozo Sakurai, 27 year old aviator, who was shot down by Chinese aviators at Hsiaokan (Siaokan), on the Peiping-Hankow Railway in northern Hupeh, north of Hankow. Sakurai, according to the report had participated in the bombing of Chungking, Lanfang and other places. He had participated in 54 air-raids over Chinese towns and cities. Among his effects was found a letter which contained the following: "Details of the air raids in which I have participated are in my diary.....what could be greater glory than to take part in actions of the Imperial Navy Air Force in trans-oceanic attacks on enemy bases far inland which have taken the world by surprise and wonder.....it's an honor for the whole Sakurai family.....to die in the service of my country, making a return for the benevolence of the Imperial House, what could be more befitting the end of a samurai?"

Plane Hits Chinese Parachuter

Lieut. Mochifumi Nango, veteran of countless air combats, returned to an unnamed air base July 3, with a Chinese flier's parachute wrapped around the wings of his pursuit machine, *Domei* reported. This followed one of the strangest accidents in the present Sino-Japanese hostilities. Leading three pursuit craft, Lieut. Nango on July 3 engaged in combat one of three Soviet-built Chinese bombers retreating westward along the Yangtsze after an unsuccessful attempt to bomb Japanese naval concentrations near Anking.

As the Chinese bombers, hit by machine-gun bullets from the Japanese combat craft, nosed for a fatal dive, one Chinese airman bailed out with his parachute, the Japanese flier recounted. As Lieut. Nango maneuvered to attack the remaining two Chinese 'planes, he accidentally ran into the strings of the Chinese flier's parachute. The impact caused the strings to snap as the parachute itself became inextricably entangled in the plane's wings. For a brief momment, Lieut. Nango said, he could see the Chinese flier dangling in mid-air under the 'plane. As the cords were severed, the unfortunate Chinese flier hurtled to his death. Lieut. Nango's machine was not damaged.

Japan Buys War Supplies from Britain

Ten licences for exports of war materials to Japan have been issued during the past 12 months, Oliver Stanley, Chairman of the Board of Trade, revealed last week in a written reply read out in the House of Commons. The last of these licences was dated February 14, 1938, he said.

"The Government considers it contrary to the public interest to publish paticulars of licences issued for the export of arms and ammunition to particular destinations, but the total value of arms for the export of arms and naval stores consigned form Britain to Japan between June 1, 1937, and May 31, 1938, amounted to £108,246," Stanley concluded.

Rotarians Fear Embarrassment to Japanese

The Rotary International Convention in San Francisco June 23 omitted action on a British resolution condemning war as barbarous and unnecessary. The British resolution was withdrawn because Rotary leaders believed it would embarrass the Japanese delegation. Rotarians said the resolution was unnecessary because the world knew that "Rotary abhors war."

Refugees Swell Kowloon Population

Kowloon's population is now 750,000, about 300,000 persons having arrived from other places during the past nine months on account of the Sino-Japanese hostilities, according to a Chinese report from the colony. The total population of Hongkong and Kowloon has reached 1,400,000, says the report.

War's Toll of Foreigners in China

SHANGHAI residents who visit Peiping comment on the pleasanter conditions under Japanese occupation compared with the Shanghai area, the *North China Daily News* reported recently in an article written in Peiping on the heavy cost of military occupation. Happily for us this is so, but conditions outside Peiping are none too pleasant as is borne out by the high cost of occupation in terms of foreign life, the article said. Since hostilities began 19 foreigners have been killed in North China, many of them foully murdered. Of this total ten have been killed by Japanese six by Chinese while the fate of three others remains a mystery. Both sides have lied copiously about the deaths of foreigners at their hands of course but the facts are slowly but surely coming out.

The article recounted the following details:

For instance, full details of the murder of nine Catholic priests at Chengtingfu, Hopei, are only just coming out and show that they were killed not by Chinese as the Japanese at first suggested but by Japanese soldiers. Similarly, foreigners killed in Shansi the Chinese have alleged by Japanese, were actually killed by Chinese. Little or no satisfaction is obtained by any power concerned though where "satisfaction" has been obtained the French seem to have been more successful than other powers. The nationalities concerned include American, British, Dutch, French and Russian. Here is a list of the people killed, a formidable one:

October 7, 1937.—Mr. Garland Leonard (American) killed in Shansi by Chinese soldiers.

October 9, 1937.—Bishop Schraven (Dutch), three French priests, two Polish priests, one Dutch priest, 1 Hungarian priest and one Czech lay brother killed by Japanese soldiers at Chengtingfu in Hopei.

December 2, 1937.—Mr. and Mrs. A. Harsh and Miss M. Neher (all American) disappeared from Shouyang, a town on the Shansi railway while the town was under Japanese occupation. All presumed dead.

April 3, 1938.—Father Sontag, French Jesuit priest, fired on when out walking in his village in Shantung by Chinese and killed.

April 27, 1938.—Major James Dempster, Salvation Army, (American), killed by Chinese bandits at Tinghsien, Hopei. Mr. Cherkasoff, Russian, shot at the Salvation Army hospital, Tinghsien, by Chinese bandits. Died of wounds.

April 29, 1938.—Father Frederick Fourre (French), a Franciscan priest, killed by Japanese soldiers at Chenglo, Shantung.

May 23, 1938.—Dr. H. G. Wyatt and Miss Glasby (both British), Baptist missionaries, killed in North Shansi by Chinese guerillas.

Leonard was lined up by Chinese soldiers with one of his Chinese helpers and both shot in cold blood. Later the Chinese regained consciousness, being not hit in a vital part. He found the body of Leonard beside him and, as soon as he was able journeyed to Taiyuanfu to tell the story to the mission there.

Monument to be Erected

Bishop Schraven, seven priests and a lay brother were killed on the day the Japanese army occupied Chengting. As late as November 29, seven weeks after their murder, the Japanese spokesman in Peiping gave out a lengthy account of the death of these missionaries, quoting reports from the Japanese military authorities in Chengting. This account claimed that about ten people who appeared to be Chinese soldiers entered the Catholic mission, took away the missionaries and killed them. The spokesman expressed his belief that they were Chinese and said they could have "secured Japanese uniforms from dead soldiers" in referring to a report that the men wore Japanese uniforms. Since then however, and chiefly because of investigations made by the authorities concerned, negotiations between French and Japanese authorities have led to an exchange of documents in which the Japanese authorities admit that the nine men were killed by Japanese soldiers. The spokesman however has not made this public. One of the provisions of the settlement of this case is that the Japanese army shall erect at Chengtingfu, near the mission, an obelisk or monument on which is to be stated in Chinese characters the regret of the Japanese army at the death of these nine men.

Mr. and Mrs. Harsh and Miss Neher were living in Shouyang, Shansi, last December and on the night of December 2 were asked to go to another house and render assistance. Taking a lantern they set out in the dark after having asked the Japanese authorities, because of martial law, if it were safe to do so. They have never been seen again so far as is known. Two theories are held: one that Chinese guerillas raided the town that night and killed them and the other that they were shot by a Japanese sentry. Their fate remains a mystery.

Father Sontag, a French Jesuit, was shot by Chinese bandits in Shantung while out walking one day, a seemingly pointless murder. Major James Dempster and Mr. Cherkasoff, were killed at Tinghsien, Hopei, on April 27 by Chinese bandits who broke into the Salvation Army hospital and robbed it. His last words were that he would give them what he had. Their reply was a bullet which ended his life. Mr. Cherkasoff was wounded at the same time and died of his wounds.

His Last Words Heard

Father Fourre was killed in Chenglo, Shansi, on April 29 by Japanese soldiers. Here again the Japanese spokesman in Peiping made a long statement that Father Fourre had been in contact with guerillas and signalled to them by means of the church bell as to how many Japanese troops were in the town from day to day Finally, he was accused of threatening a Japanese civilian official and some members of the peace preservation corps with a revolver firing four shots. He was then shot through the head by a member of the peace preservation corps. An authoritative foreign source has since made other investigations and it appears that Father Fourre was killed by Japanese soldiers because he refused to allow a girls' school attached to the mission to be turned into a brothel Father Fourre's last words were overheard and recorded. He was in a room with Japanese soldiers and while the French of the Japanese interpreter could not be heard the ringing tones of Father Fourre could be.

His first remark overheard was: "J'enseigne la religion catholique." Then followed something by a Japanese to which Father Fourre replied, "Je ne fais qu'nseigner la religion catholique." Again a Japanese spoke and Father Fourre's last words were then "Je prefere mourir que d'accepter cela." A shot followed and Father Fourre fell dead.

May 23 saw the death of two British missionaries in Shansi. They were Dr. Wyatt and Miss Glasby, Baptists, travelling from Taiyuanfu to Taichow in north Shansi. Going through a pass they were fired on by Chinese guerillas. Dr. Wyatt bravely died still waving a British flag to show the nationality of the occupants of the car. The guerillas later went up to the party an dare reported to have shown concern when they found that their victims were not Japanese as they had supposed. They assisted the two survivors, Mr. and Mrs. Jasper, to return to Taiyuanfu.

Since then another American has narrowly escaped death at the hands of a Japanese soldier, this being Dr. Scovel of Tsining, Shantung. On May 3 Dr. Scovel was trying to protect Chinese nurses at his mission hospital at Tsining from the attentions of a drunken Japanese soldier and was shot for his pains. His condition is serious but he is expected to recover.

INNOCENT VICTIMS OF JAPAN'S WAR ON CHINA

Women and children victims of Japan's bombing of Canton, against which the world expressed its horror.

New Vista in China For Japan's 'Robber Barons'*

PRIOR to the current Sino-Japanese hostilities, Japan's investments in China were estimated approximately at Yen 2,000,000,000 of which half was invested in various kinds of business enterprises under Japanese management and the other half in loans, Sino-Japanese joint enterprises, cultural works, and other non-commercial projects. These investments were made through branches of Japanese banks and some special investment companies. At the present moment when a new vista has been opened up for Japanese interests, it is not impertinent for us to make a brief survey of the Japanese financing institutions in China.

With the opening by the Yokohama Specie Bank of a branch office at Shanghai in 1893 as a start, the leading Japanese banks established branches and agencies in rapid succession in various parts of China. The Bank of Chosen, for instance, has made a gradual advance into major cities of North China, and the Bank of Taiwan has established its stronghold in South China. The Yokohama Specie Bank with paid-up capital of Yen 100,000,000 has now six branches in China—at Shanghai, Hankow, Tsingtao, Peiping, Tientsin, and Hongkong. The Bank of Chosen with paid-up capital of Yen 25,000,000 has four branches—Shanghai, Tsingtao, Peiping and Tientsin. The Bank of Taiwan with paid-up capital of Yen 13,125,000 has seven branches—Shanghai, Hankow, Kwangtung, Amoy, Foochow, Swatow, and Hongkong.

These banks of Japan have their respective missions in connection with China affairs. Prior to the reform of the Chinese currency system of 1935, the Yokohama Specie Bank, being the largest exchange bank in the Orient, enjoyed so powerful an influence in Shanghai that it almost controlled the foreign exchange market there and overwhelmed foreign banking interests. For the reason that Japanese loans to the Han Yeh Ping Iron Works were made through this bank, its Hankow branch is of special significance. Further, it has the right of issuing notes in Shanghai. At one time a fairly large amount of its notes was in circulation there. Whereas the Bank of Chosen had previously directed its efforts chiefly towards development of Manchuria, it has been turning its attention to North China since the Industrial Bank of Manchukuo was founded in 1936. Its notes were circulating in Tsingtao even before the outbreak of the present hostilities. The Bank of Taiwan has played an active role for investments in and loans to South China, especially during the World War period.

Although the Industrial Bank of Japan has yet no branch in China, it stations its representatives at Shanghai, Peiping and some other major cities. In the wake of the World War, this institution combined efforts with the Bank of Chosen and the Bank of Taiwan for conclusion of the so-called Nishihara Loans to the Peiping Administration then headed by the late Tuan Chi-jui. Among the big six private banks, both the Mitsui Bank and the Mitsubishi Bank have a branch office each in Shanghai, and the Sumitomo Bank has two offices at Shanghai and Hankow. Foreign exchange business is conducted by them chiefly for their respective trading subsidiaries such as the Mitsui Bussan, the Mitsubishi Trading Company, et cetera. The Kwanan Bank at Taihoku, Formosa, too has a branch at Kwangtung. Besides, there are four Japanese banks which have their head-offices in China. They are: the Hankow Bank with paid-up capital of Yen 250,000; Shanghai Bank with $100,000; Tientsin Bank with Yen 625,000; and the Tsinan Bank with Yen 500,000.

May Resume Business

In connection with enforcement of the Nishihara loans, a bank called the Chunghua Huaiyeh Bank was established in 1918 with the capitalization of 5,000,000 yen and 5,000,000 yuan of which 3,750,000 yen and 3,702,750 yuan were paid up. Because of the frequent political changes at Peiping and the ensuing economic plight in North China in the years following, the Bank was obliged to close its doors in 1930. But there is a rumor at present that the bank will resume its business in some way. At Shanghai are the Taiwa Gin Koshi and the Shanghai Trust Company, and at Tientsin, the Tientsin Trust Development Company and the China-Japan Mutual Benefit Savings Company. Their business, however is rather small. Besides, all the communities of Japanese residents in major cities have special facilities which are charged with the task of making Government loans to private persons on behalf of the Tokyo Government.

How much then is the total investments in these Japanese banking institutions in China? Mr. C. F. Remer estimates it at Yen 147,614,000, including Manchukuo, of which Yen 65,046,000 was invested in China Proper. It is next to impossible, however, for the present writer to arrive at the exact figure in this respect. The above mentioned Japanese banks which have branches in China do not announce in their balance sheets separate accounts for their facilities in China. Thus, there is no alternative but to make tedious calculations about the following items: (1) real estate of branch offices in China, (2) loans in China, (3) loans to the Chinese Cnetral Government, et cetera, and (4) miscellaneous funds. Needless to say, to estimate properly these accounts of branch offices of some Japanese banks is well nigh impossible. The same is true with the Japanese banks whose head-offices are located in Chinese territory. Be that as it may, the writer believes that Japanese investments in the banking enterprise in China would far exceed the Yen 65,000,000 mark estimated by Mr. Remer, even if account is taken only of such major items as real estate, loans and holdings of Chinese securities.

Besides, Japan has in China some other companies exclusively engaged in investment and development works, including the Toa Kogyo K. K. (East Asia Development Co.), Chunichi Jitsugyo K. K. (China-Japan Industrial Development Co.), Toyo Takushoku K. K. (Oriental Development Co.), and Kochu Koshi (China Development Co.). The Okura Gumi, headed by Baron Kishichiro Okura, is also noted for its active investments in mining, transportation and afrming enterprises in the continent. The East Asia Development Co., financed by the Industrial Bank of Japan, Yasuda, Sumitomo, Okura, Kuhara, Mitsui and Mitsubishi interests, was established in 1910, with a paid-up capital now of Yen 13,023,550. Upon its establishment, the company undertook by contract the construction of the Kiangsi Railway extending from Nanchang and Kiukiang and made substantial loans for that enterprise. Later, it subscribed to Chinese loans for the Peiping-Suiyuan Railway, telegraph business, spinning mills, and electric light enterprise in major Chinese cities. Further, it invested some money in immovable property in Shanghai.

Wealthy Clans Behind Firm

The China-Japan Industrial Development Co. is a Sino-Japanese joint enterprise chiefly financed by Mitsui, Mitsubishi, the Osaka Shosen Kaisha, and some leading bankers. It is well known that the company was established in 1913 in accordance with an understanding between the late Viscount Eiichi Shibusawa, famous Japanese businessmen, and Dr. Sun Yat-sen, father of the Republic of China, and that upon incorporation it supplied necessary funds for development of the Taochung Iron Mine in Anhwei. Besides it subscribed to Chinese loans for telephone business, industrial development of Shantung Province, a paper mill in Hankow, and electric light enterprise in various Chinese cities.

Especially remarkable was the activity of the above two special companies in the wake of the World War when Japan's trade was particularly brisk with China. Taking advantage of the war boom, Japan had accumulated so much funds that she could afford to invest a fairly large amount of money in her neighboring country. Due to the business depression and the tense Sino-Japanese relations that followed immediately, however, a period of recession set in and continued until sometime in 1934. Later, the two Japanese firms succeeded in negotiating with the Kuomintang Government for regular payment of the principal and the interest on their loans to the latter. Thus, it was at one time expected that they would enter a second stage of activity from 1937.

The Toa Tsusho K. K. (East Asia Trade Co.), headed by Mr. Rikuro Takagi who is concurrently vice-president of the China-Japan Industrial Development Company, is engaged not only in trade but investment works as well. The Mitsui Bussan, the Mitsubishi Trading Company, and the South Manchuria Railway Company are also creditors to China. The Oriental Development Company, financed chiefly by the Japanese Government, has a stronghold in Tsingtao. Three special banks—the Industrial Bank of Japan, the Bank of Chosen and the Bank of Taiwan—organized themselves into a syndicate in connection with the above mentioned Nishihara Loans. And some 18 leading private bankers formed another body in 1919 for investing their funds in China. The fact that the Kochu Koshi has been playing an important role for development of North China since the outbreak of the current hostilities is so well known that it requires no further explanation.

Due to the anti-Japanese sentiment and policy of the Kuomintang regime, all these Japanese institutions in China, prior to the present conflict, could not display the full scope of their resources for development of the continent. It is now anticipated that they will contribute much to Japan's continental works in respective fields.

By Hiroshi Higuchi, a translation from the Tokyo magazine, Diamond.

Fr. Jacquinot Tells U.S. of Suffering in China

A protracted Sino-Japanese war will force China into the arms of Soviet Russia, although Communism and the Chinese philosophy of life and government are incompatible, the Rev. Jacquinot de Besanges, S.J., beloved in Shanghai for his creation of the "Jacquinot Zone" to shelter Nantao refugees, told Washington newsmen on May 20.

Father Jacquinot arrived in Washington to confer with Norman Davis, chairman of the American Red Cross, about relief for the non-combatant masses of China. Disease is threatening China's homeless, war-ridden millions, he said. Because of the expense necessary to inoculate the war refugees, a "de-lousing" process has been inaugurated, and special machines from the Red Cross are being used.

The priest was to have a conference with President Roosevelt, the Chinese ambassador and possibly the Japanese ambassador while he was in Washington.

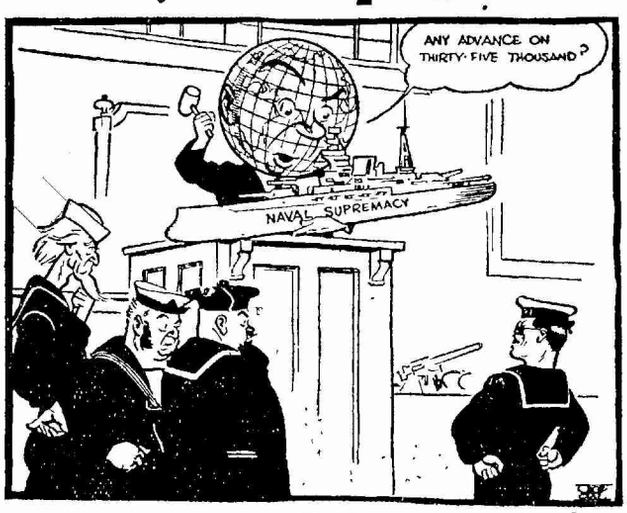
NAPOLEON GOES CRAZY

From Le Canard Enchaine, Paris.

In Paradise—"Napoleon has become absolutely nutty . . . . He believes he is Mussolini."

Fitzpatrick in St. Louis Post-Dispatch.

IS JAPAN GOING TO BID?

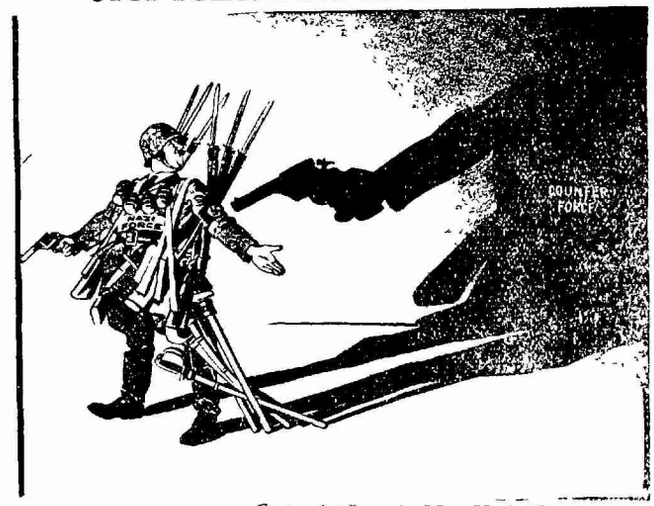


The Glasgow, Scotland, Record

MAYPOLE-1938-STYLE

Fitzpatrick in the St. Louis Post-Dispatch.

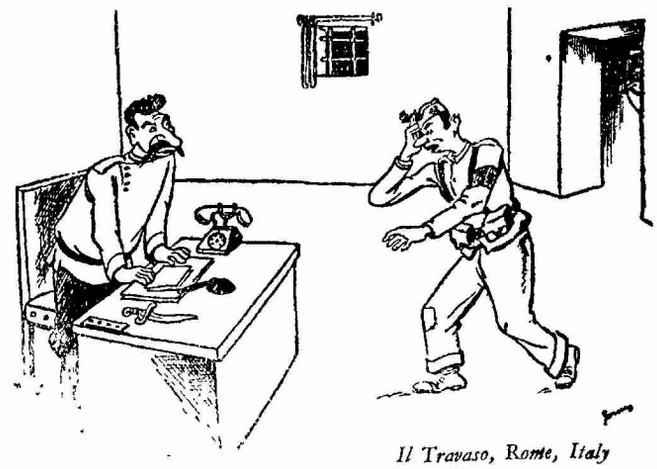
"STOP FOLLOWING ME AROUND!"



Cartoonist Low in New York Times

Hitler—"Can't I do something to make you stop following me around?"

STILL SOME HOPE!



Il Travaso, Rome, Italy

"All is lost! All is lost!" "All is not lost. We still have to lose China."

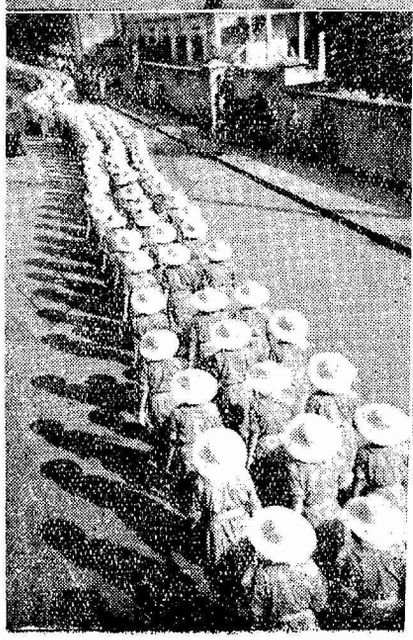
BETTER APPEAL TO TOKYO !

Orr in the Chicago Tribune

VICTORY WITHIN SIGHT !

Herblock in Roanoke, Virginia, Times

GENERAL AND MADAME CHIANG VISIT HONAN FRONT



Pictures at the top show the Generalissimo and Madame Chiang Kai-shek in northern Honan province making an inspection of the military situation, prior to the decision to evacuate the Lung-Hai Railway zone.

The pictures at the bottom show parades of Chinese girl scouts in the Wu-Han district.

Pictures by T. T. Fang, Hankow.

Writer Reports Foreigners Aid in China's Patriotic Movement

BY HIN WONG

KIATING, seat of Loshan County Government in south Szechuen on the Minkiang River, one of the tributaries to the Yangtze, has joined the great patriotic movement throughout China for vigorous resistance against Japanese aggression. The Nipponese invasion of China, despite fully a year's effort, thus far has shown no sign of any assurance of success, in the opinion of the Chinese and the world at large; but instead, as believed by the people in interior China, as represented by the citizens of Kiating, it has morally, politically, and economically weakened Japan but spiritually and internationally strengthened China.

Adding to patriotic gatherings of local organizations, displays of bill posts, collection of funds and articles for the comfort of the men on the Chinese war front, aid is now being offered to the local demonstrations by the presence in Kiating of the faculty and student body of Wuhan University from Hankow, consisting of some 125 teachers and 800 students, who have just been transferred here in order to relieve the congestion at the central port city and allow freer hand to the military authorities in the defense of the middle Yangtsze. Teachers of Wuhan University have been delivering a series of popular lectures here in Chungshan Hall Friday afternoons, on air defense, public health, and other practical subjects, while students, touring adjacent villages and towns to enlighten the farming populace on the present national situation through short speeches, demonstrations, and dramatic displays. Local primary pupils have recently contributed much to war charity.

Kiating, like many other cities in Szechuen, has well-paved streets and electric light and trees lining the principal sidewalks. The city is in the midst of a section of territory where coal, metal, agricultural and forest products are abundant, also fish, something rare inland but plentiful here. Kiating has 16 silk factories and other factories, including those turning out fertilizers, a product once dependant on import; but the eyes of Szechuen and China, for the matter, are on its paper establishments, one of which is turning out fairly good newsprint. Most of the Chengtu and Chungking publications are beginning to use newsprint from the Loshan Paper Mill, which has in its Kiating office a staff of experts, formerly of Shanghai but now with headquarters in Chungking, designing plans for enlarged production according to local supply of raw materials, part of which is straw and bamboo.

Education Not Neglected

Kiating is playing particular attention to the interest of chidren and primary schools may be found in all prescints of the city. In Chungshan Park, the recreation center of Kiating, a children's library and a children's playground are especially reserved for the youngsters, besides a kindergarten housed in a model building with its own court yard for the exercise of its pupils. The main auditorium and the parade ground in the park are also open to children.

People in Loshan and Kiating are not yet served by daily newspapers of their own, but Chengtu publications in the morning reach Kiating in the afternoon by the bus-line, and twice a week the China National Aviation Corporation operates a round-trip service between this city and Chungking, while steamers going out and coming in daily and Kating hotels are being heavily taxed for room these days by more and more arrivals from Hankow and other Yangtsze ports.

Some 20 European missionaries are found around the Loshan area, including Kiating, including Catholics who are doing good work among the common people in medical as well as religious service. Travelling along the highways in Szechuen, Catholic chapels may be seen here and there in large number. There are some 12 or more Protestant missionaries at work in Kiating, in educational, medical, and evangelistic activities.

Among the active missionary workers in Kiating are the Rev. and Mrs. H. McIntyre, of the China Inland Mission, who are supervising extensive enterprises carrying on by native helpers. Dr. and Mrs. R. Hayward, the Rev. and Mrs. L. Bacon, Miss Ruth Swann, and Mrs. Hocking, of the Canadian Methodists, are undertaking hospital, school, and other general church work. In Loshan there are more than 2,000 Chinese church members; and the Rev. and Mrs. M. P. Brininstool and Miss Baulah Bassett of the American Baptist Mission have connections with some 700 of them scattered in all parts of Loshan, with about 200 in Kiating.

Missionaries Help

Through these missions, some evangelistic and educational work is being done among the aborigines, including the Lolos in Fulin and Mapin and the Miaos south of Suifu, Ipin, at the mouth of Minkiang.

Recent arrivals at Kiating from lower Yangtsze ports have given missionaries more opportunity for service, it is said; and in connection with desire on the part of Chinese these days to have mass singings in patriotic gatherings, the foreign friends here have been helping them, and classes are formed of Wuhan University students in singing as well as Bible study in English. Another useful service being contributed by the church community here is the opening of its premises to patriotic gatherings and as public reading rooms to spread the latest news of the war against aggressors.

Kiating, July 1.

America Honors Crew and Officers of Panay

The United States Government on July 1 honored the personnel of the U.S.S. Panay, American gunboat which was bombed and sunk by Japanese planes in China waters last December, for heroism displayed under fire, the *United Press* reported. Claude A. Swanson, Secretary of the Navy, sent Lieutenant-Commander J. J. Hughes, Commanding Officer of the ill-fated American gunboat, a letter of appreciation for the excellent work done by the men at the time that the vessel was sinking.

Swanson also awarded the Navy Cross to Lieutenant Arthur F. Anders, Executive Officer, who took over command when Lieut.-Commander Hughes was severely wounded, Lieutenant Clark G. Grazier (Medical Corps) and a score of enlisted men. Lieut. Anders, although badly wounded himself, took over command and kept the men firing away at bomb-dropping Japanese planes until the boat started to sink. He was forced to write in chalk the command to abandon ship because of throat wounds which prevented him from speaking.

Lieut. Grazier was not wounded but he did yeoman work in looking after the wounded men both aboard the ship and later ashore. There was a crew of 54 men, including Chinese mess boys when the Panay was attacked. Charles L. Ensminger, storekeeper first class, was killed and fourteen officers and men were wounded.

There were several American and foreign newspapermen, American businessmen and American Embassy officials aboard at the time that the Panay was bombed. Signor Sandro Sandri, Italian newspaperman, and Captain C. H. Carlson, American master of the Socony tanker Meian, were killed. The former was on the Panay but the latter was on his own boat, which was alongside the Panay.

The United States Government recently honored British officers of H.M.S. Bee for their part in caring after the wounded.

Praise By Hughes

Lieut.-Commander Hughes in his report to the Navy Department praised all the personnel but made particular mention of Lieutenants Anders and Grazier. The Commanding Officer of the former Panay said:

"I deem it my duty, however, to comment particularly upon the cool and courageous conduct of Lieutenant Arthur F. Anders, my Executive Officer, who though wounded in several places, unable to speak and suffering severe loss of blood, kept his feet, directed the fire and supervised the abandoning of the ship. His conduct was an inspiration to all hands. I also consider that Lieutenant Clark G. Grazier, Medical Corps, U.S. Navy, our only doctor, who was fortunately not wounded, displayed coolness, ability and resourcefulness with his treatment of the many wounded both while under fire aboard ship and under very difficult conditions ashore. His untiring efforts and professional skill undoubtedly contributed greatly to reduce the seriousness of our predicament.

Kuomintang Picks People's Council

To secure the support from all classes within the Republic, the National Government on June 21, proclaimed the formation of a state council and gazetted its 200 members, all designated by the Kuomintang but including persons formerly known to be its political opponents, Communists and others.

Of the 200 members of the council, 88 have been appointed as territorial delegates representing provinces and municipalities, not excluding those now under temporary enemy occupation, such as Liaoning, Kirin, Heilungkiang, and Jehol, one to four, from each section. Four have been designated from Mongolia and two, from Tibet. Overseas Chinese have been allotted six seats, including one from Hongkong and Macao. The other hundred members of the council have been selected by the Kuomintang, on recommendation of its nomination committee of nine, from well-known Chinese leaders, representing political, educational, economic, and other recognized circles and professions.

July 1, 1938, was set for the formal opening of the council, but it is unlikely that so large an attendance will be present on so short a notice.

Among the 100 invited to sit at the coming council are a number of college professors and presidents, including Dr. Chang Po-ling, president of Nankai University, who has also be designated as vice-chairman of the council, supporting Wang Ching-wei, of the standing committee of the Kuomintang and second in power in the Kuomintang Party, with General Chiang Kai-shek at the head. Wang Ching-wei has been gazetted chairman of the coming state council, to be known also as the people's Council.

Chungking, June 21.

China Government Loan to Aid Rehabilitation

A measure to alleviate the sufferings of China's refugees and at the same time promote productive enterprises was adopted at Chungking, July 2, the mandate issued being known as the "27th Year (1938) Relief Loan," calling for an outlay of $100,000,000. This loan is to be issued in installments, the first one fixed at $30,000,000, and was effective on July 1. The date for the issue and amount of further installments is to be set by the Ministry of Finance.

Terms of the loan provide that it is to be issued at the price of 98 per cent, and is to draw 4 per cent interest. On July 1, 1939, interest on the first installment will be payable, and will continue to be paid semi-annually, on June 30 and December 31 of each year.

Other terms of the loan are as follows:

Period of Loan. The period of redemption of the first installment of the Loan shall be fixed at 20 years, commencing July 1 of the 31st Year of the Republic of China (July 1, 1942). Redemption of part of the principal shall be effected semi-annually by public drawings on June 30 and December 31 each year in accordance with the amounts fixed in the Amortization Table. The total amount of principal and interest shall be entirely paid up by June 30 of the 51st Year of the Republic of China (June 30, 1962).

The sinking fund for the payment of interest shall be secured on the Central Reserve Relief Fund and that for the redemption of principal shall be earmarked from the national revenues. The Ministry of Finance shall instruct the National Treasury to pay periodically (semi-annually) to the Central Bank of China—for account of the National Loans Sinking Fund Administrative Commission—the requisite funds to meet payment of principal and interest on this Loan according to the amounts set forth in the Table for the Amortization of Principal and Payment of Interest.

The bonds of this Loan shall be of five denominations, viz., $10,000; $1,000; $100; $10 and $5, all in the form of "bearer" bonds. The bonds may be freely bought, sold or mortgaged; offered as security in lieu of cash where monetary security is required in public affairs, or offered as security reserves of banks.

Proceeds of the Loan. The detailed Measures governing the relief of refugees and promotion of productive enterprises shall be jointly fixed by the (War-time) Relief Commission and the various organs concerned.

Matters relating to the subscription of the Loan shall be attended to by the Ministry of Finance in conjunction with the (War-time) Relief Commission.

REBEL SPAIN AND NIPPON

Daily Herald, London

Franco, bomber of civilians, greets Japan, bomber of civilians!

Maternity Center Praised

In Shanghai, the Refugee Maternity Center was receiving praise for the expert manner in which it is extending medical care to expectant mothers of the city's refugee camps. Opened in the early part of last month, the institution today has some 100 beds for mothers during their post-natal hospitalization. On the spacious ground on which the rented quarters of the Center are located, a number of matsheds have been erected in order to accommodate expectant mothers and their families.

Constituting today an important branch of the refugee relief work in Shanghai, sponsors of the maternity center hope that their work will result in materially decreasing the mortality rate among newly-born babies and mothers among the refugees. Expectant mothers are moved from the various camps as early as possible to the special camp attached to the maternity center. These mothers are allowed to come with members of their family and stay in the camp until after the baby is born. This arrangement enables doctors and medical workers of the institution to keep a constant check upon the health of the mothers, who are also put on a special nourishing diet both before and after their confinement.

The institution also maintains a clinic where medical care for both the mothers and members of their families are given free. At the same time educational work, vocational training as well as recretion programs are carried out in the camps by the sponsors in order to give all the inmates the benefit of all relief facilities which are available in other local camps.

Mrs. Fisher Yu, chairman of the publicity committee, revealed that the special relief work which her organization is doing needs some $3,000 monthly for operating expenses, including salaries for doctors, nurses and other employees as well as rent, special food and other items.

Mrs. Amos Wong, whose husband, Dr. Amos Wong, is in charge of the medical side of the program, revealed that according to the estimates made by the S.M.C. Health Department nearly 200 expectant mothers will enter maternity hospitals sometime during this month. She explained that the hospital in the event of a large increase in the number of patients, is capable of enlarging its capacity to 200 beds.

The management of the refugee camp is in the hands of the Shanghai Emergency Relief Committee, while funds for the basic food for the inmates are supplied by the Shanghai International Red Cross. A portion of the clinical staff of the Seventh Day Adventist Mission is today working at the center.

To obtain enough funds for operating the center for one year, sponsors of the institution are launching a financial drive for $40,000 on July 10.

Shensi to Provide Land Reclamation Work

Acting on the orders of the Executive Yuan, the Shensi provincial authorities have mapped plans for the providing of land reclamation work of refugees. The reclamation project now proceeding Huanglungshan in Shensi will be so expanded that it will need 10,000 additional workers. A sum of $400,000 has been alloted by the Executive Yuan for the reclamation purpose.

The Kwangtung Bureau of Agriculture and Forestry has demarcated farmland for reclamation. War refugees are enlisted to do the work. In view of good harvest this year, plans are being the Kwangtung Provincial Bank for the establishment of granaries for the purpose of readjusting food supplies. It is further learned that a total of $4,600,000 of rural loans has so far been extended to the local farmers.

U. S. Awards Contracts for 98 Planes

The U.S. War Department on July 1 awarded contracts, exceeding U.S.$14,000,000 in value, for 98 airplanes and extensive air corps equipment. The contracts are believed to form the largest order for aircraft in the history of the United States Army. They include orders for 13 additional "flying fortress" planes, giving the United States a total of 52 of these huge bombers.

Louis Johnson, acting secretary of War, stated that the contracts marked the culmination of a year of intensified effort towards the objective of the Board to procure 2,320 modern first-line aircraft by July 1940 during the fiscal year ended June 30, 1938. Contracts, he said, had been placed for 588 machines, which would be equal, if not superior, to like types in any part of the world. They clearly established the fact, he added, that the United States was not lagging behind other nations, but had assumed and would maintain its position in the forefront of aviation.

Shipping and Bus Firms Doing Roaring Business

Shipping and bus companies operating between Shanghai and inland cities are doing roaring business. The Shanghai-Nanking and Shanghai-Hangchow-Ningpo Railways maintain only a skeleton service because of lack of rolling stock and locomotives.

Since the hostilities shifted westward from the Shanghai area, more than 40 inland river shipping firms and more than 200 bus service companies have been established, the reports said. All the shipping firms have offices near Soochow Creek jetties in the Settlement. Rice and fresh vegetables are brought here from the inland districts daily both by water and land, while goods sent from Shanghai consist mostly of daily necessities, such as flour and cigarettes.

Persons going to or departing from inland districts, must first apply to the proper government authorities for permits. They are required to carry certificates to show they have received anti-cholera inoculations.

German Cameraman to Film Japanese Marines

Accompanied by a Japanese film director and staff of the Toho Cinema Company and a Naval officer of the Publicity Bureau of the Navy Ministry, Herr Richard Angust, famed German cameraman is in Shanghai to film the Japanese Special Naval Landing Party and the Whangpoo, the *Shanghai Nippo* reported. Herr Angust visited Japan with Dr. Arnold Fanck, noted German film directorl to shoot a picture called "New Earth," which already has appeared and proven popular.

Although Dr. Fanck precently returned to Germany, Herr Angust entered into a new contract with the Toho Company regarding new films and remained in Japan.

Japanese Population Shows Increase

With births totalling 2,180,589 against 1,208,079 deaths, the population of Japan Proper showed an increase of 972,510 last year, the Statistics Bureau of the Cabinet has announced.

Outstanding Events in the Sino-Japanese War

A DAY-TO-DAY SUMMARY

First six months of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts has been published in book form.

May 31.—French officials in Shanghai deny Japanese reports to effect that France and China have recently concluded secret agreements for military purpose. Reports declared absolutely unfounded.

May 31.—Report that Japan has offered Germany the return of Tsingtao and opening of German Concession in Shanghai was denied in Berlin.

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June 1.—Pohsien, in northwestern Anhwei near Honan border, captured by Japanese following bitter engagement with Chinese defenders. Japanese forces advancing westward from Kweiteh along Lunghai Railway in two columns, one heading for Lanfeng, while the other for Huihsien, southeast of Lanfeng.

June 1.—Gen. Chiang Kai-shek reported to have left Hankow for another visit to Lunghai Railway front. Gen. Chiang inspected the situation at Lunghai front a week ago.

June 1.—British Government urged to act against Japanese airbombing of Canton by members of Parliament in House of Commons meeting. A. C. Moreing, Conservantive member, said the raids had done far greater damage to non-military and residential property and had caused a heavy loss of civilian life. He asked that British Government should make representations to Japan expressing determined opposition to "such wholesale attacks on civilization."

June 1.—New customs tariff announced by the Japanese-sponsored Nanking and Peiping regimes becomes effective in Japanese occupied areas. Customs officials in Shanghai say the revised rates are put into effect "under force majeure."

June 1.—Japan monopolizing North China import trade, according to statistical statement for first quarter of 1938 issued at Hankow.

June 1.—Monetary Conference summoned by the Ministry of Finance opened at Hankow.

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June 2.—In attempt to reach Lunghai Railway where some 10,000 troops under Gen. Doihara are surrounded northwest of Lanfeng, Japanese reinforcements reported to have started crossing Yellow River in vicinity of Kuangtai on north bank. Japanese artillery on North bank heavily shelling Chinese positions on south bank to cover crossing.

June 2.—Japanese troops on Lunghai Railway, at Yungcheng and Mengcheng converging on Honan-Anhwei border for contemplated drive in direction of Peiping-Hankow Railway.
Japanese claim occupation of Kihsien in push towards Kaifeng, Honan capital. Kihsien lies directly south of Lanfeng.

June 2.—Japanese reports that Chinese suffered casualties totalling some 200,000 in their withdrawal from Hsuchow were emphatically denied by Army spokesman at Hankow. All troops, heavy armaments and supplies, he said, were safely removed to new lines of defence, "the only losses being 20 freight cars which had to be abandoned when Lunghai railway was disrupted."

June 2.—Hankow officially announced death of Gen. Tan. Tao-yuan, Commander of Hunan Army Corps, killed in action on May 18 during withdrawal from Hsuchow; Gen. Ma Wen-lung, brigade commander, killed at Lanfeng; and Gen. Chang Hsiao-hsien, squadron commander, killed in air battle above Hankow May 31.

June 2.—Rumored that Monetary Conference now held in Hankow may abolish or curtail present allotments of foreign exchange denied in official circles. Subject said not even discussed.

June 2.—Despite hostilities, China's interport trade last year reached $2,350,116,212, according to annual Chinese Maritime Customs report. This figure includes imports, exports and re-exports.

June 2.—Strong representations made by United States Government to Japan over occupation of American properties. Note expresses "increasing concern" at Japan's refusal to permit Americans in China to return to their homes and properties, from which they had been forced by the hostilities. Return of University of Shanghai and other occupied American properties demanded.
Destruction and looting of mission properties in Japanese-occupied areas, the delay and obstruction they repeatedly encountered in their efforts to secure permits enabling them to return to their inland stations, as well as the continued forcible occupation of American-owned churches, schools and hospitals by Nipponese troops were revealed by heads of various American missionary organizations in interviews with **The China Press.**

June 2.—National Government sent (June 1) protest to London and Geneva against Japanese air bombings. Canton raids said most barbarous since start of hostilities. Note asks for urgent and effective measures to restrain Japan from "continuing the wholesale slaughter of innocent noncombatants, largely women and children."

June 2.—Interviewed concerning new Customs tariff introduced by the Peiping and Nanking regimes, Hankow spokesman said, this constituted further interference with integrity of Chinese Customs which had "already been grossly violated by Japan in disregard of the treaty rights of other countries concerned."

June 2.—Quo Tai-chi, Chinese Ambassador in London, denied reports that Sun Fo, President of Chinese Legislative Yuan, had concluded a "9-point agreement" with Soviet Government prior to leaving Moscow; Reports branded as "pure invention." Mr. Sun arrived at Stockholm yesterday en route to Paris.

June 2.—Shanghai Municipal Council announced appointment of Chikayuki Akagi, Japanese, as Special Deputy Police Commissioner, effective from May 20. Appointment made as concession to Japanese demands for greater representation in affairs of S.M.C., especially the police.

June 2.—Japanese casualties in southern Shantung and Hsuchow area during three months from latter end of February to end of May stated to be 2,130 killed and 8,586 wounded, according to official announcement.

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June 3.—Great Britain protests to Japan against airbombing of civilian areas, particularly populous centers, in China. Premier Chamberlain instructed British Ambassador at Tokyo, Sir Robert Craigie, to make urgent representations to Tokyo. Suggestion of joint protest to Japan by signatories of 9-Power Treaty by Arthur Henderson, Labor member, in House of Commons, turned down. Chinese Embassy in Berlin gave memorandum to German Foreign Office, appealing to Germany to adopt measures "to prevent bombing of open towns by Japan."

June 3.—Thirty-five persons killed or wounded during another Japanese air raid on Canton. Eight Japanese planes bombed Taishatao Station, terminus of Canton-Kowloon Railway, but missed objective.

June 3.—Japanese forces south of Lunghai Railway, advancing westward from Pohsien toward Peiping-Hankow Railway, occupied (June 1) Luyi, eastern Honan near Anhwei border. Further advance westward towards Chowchiakow east of Yencheng on Ping-Han Line was checked by Chinese counter-attack west of Luyi
Gen. Doihara's Division trapped northwest of Lanfeng said nearing exhaustion.
Situation at Lanfeng, gateway to Kaifeng (Honan capital), again critical for Chinese defence. Japanese troops approaching city; heavy fighting in progress. Rumor Lanfeng recaptured by Japanese unconfirmed.
Kaifeng endangered as result of Japanese flanking movement near Chihsien, south of Lanfeng. According to **Domei,** two Japanese columns were rapidly nearing Kaifeng.
"The Chinese do not intend to fight decisive battle on level plains of Honan along Lunghai Railway, where they are at a disadvantage," Chinese military spokesman declared in interview with **Reuter.**

June 3.—Lt.-Gen. Seisihor Itagaki, who recently participated in operations in southern Shantung and was defeated by Chinese at Taierchwang, appointed War Minister succeeding Gen. Gen Sugiyama, who was transferred as member of Supreme War Council.
Chinese circles in Hankow surprised at Gen. Itagaki's appointment in view of his defeat at Taierchwang in April.

June 3.—The U.S. State Department announced that Japan had agreed to meet almost all demands made for the restitution of American property in China and the unhindered return of Americans to their posts from where they had been forced by the hostilities. It added that the Japanese had restored Shanghai school properties to the Southern Baptist Mission and Japanese military authorities had agreed that American missionaries may return to Nanking. They were issuing 10 passes for this purpose.
Japanese forces were still occupation of the campus of the University of Shanghai, despite the report

from Washington intimating that Shanghai school properties had been returned to mission organizations by the Nipponese, officials of the American Baptist Foreign Mission Society in Shanghai said. Tokyo Foreign Office spokesman stated Japanese had offered to buy University of Shanghai premises, but missionaire refused to sell.

June 3.—Chinese Foreign Office expected to announce formal closing of Chinese Embassy in Tokyo in statement to be issued on June 10.

June 3.—Ten million Mohammedans in China are ready to shed their blood for the nation's defence, declared Hadji Yu Nus, leader of Kansu Moslems passing through Shanghai in annual pilgrimage to Mecca, in interview with **The China Press.** Ma Liang, Japanese puppet Governor of Shantung, denounced as traitor; Kansu, Suiyuan and Shansi solidly behind National Government.

June 3.—Miss Kathleen Weston, South African girl, and Herr Karl Rein, German, held in Canton since May 27 on charge of espionage.

June 3.—Chinese Government spokesman denied reports of Sino-Soviet Agreement under which Soviet Russia would be given special privileges in China in return for war supplies.

June 3.—Sir Harry Twyford, Lord Mayor of London, sent donation of £5,000 for China war relief; donation brought total to £104,000 from the Mayor's Fund raised in London.

June 3.—Sun Fo, President of Chinese Legislative Yuan, now visiting Copenhagen, on way to Paris, declared China will continue resistance against Japanese till victory is definitely won.

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June 4.—Forty Japanese planes raid Canton, bombing continuously for 35 minutes. Casualties believed heavy, far exceeding past week's figures; many trapped beneath falling structures. Heart-rending scenes witnessed; hospitals crowded to overflowing. Bloodiest section of city corner of Taihong and Winghon Roads, where a four-storied concrete arcade crashed on top of hundreds of Chinese who were seeking refuge inside.

June 4.—Twelve Japanese warships move upriver from Tatung for Kweichih, 20 miles above Tatung. Anking, Anhwei capital, believed objective of naval attack. Possible Japanese advance on Hankow along Yangtsze seen.
Japanese launch furious attack on Kaifeng, Honan Capital; heavy fighting in vicinity of Lanfeng also continues.

June 4.—Baptist Foreign Mission Society officials were not prepared to entertain the suggestion that they should relinquish the University of Shanghai campus or consider any Japanese proposal for the purchase of the valuable school property, an official of the mission organization declared.

June 4.—Summer Welles, Assistant Secretary of State, after a talk with President Roosevelt, issued a statement to the press condemning the "ruthless bombing of women and other non-combatants in Spain and China." The statement declared that the people of the United States regard such warfare as "barbarous."

June 4.—Restriction of remittances to areas under control of the Japanese was among the important resolutions adopted by the Monetary Conference, which ended in Hankow yesterday. Every facility, however, would be given for remittances to territory under control of Chinese Government.

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June 5.—Some 300 casualties caused in Canton by Japanese air raid which lasted for over an hour and was carried out by relays of from five to six planes. Forty homes demolished in vicinity of City Government offices. Canton-Hongkong telephone line interrupted. Foreign residents worried as bombs released over Shameen.
Sir Robert Craigie, British Ambassador to Tokyi, instructed "to express feelings of horror felt in London over bombardment of civilians in Canton."

June 5.—Japanese advance in direction of Peiping-Hankow Railway in east Honan held up by heavy downpours. Lanfeng and Chihsien areas converted into muddy lakes which make operations of Japanese merchanised units very difficult. Chinese high command decide to form new line of defence between Kaifeng and Chengchow; Chinese forces which have been surrounding Doihara's Division have withdrawn to new sectors.

June 5.—Sun Fo, Chinese Legislative Yuan President, visiting The Hague, declined to comment on reports of new agreement between China and Soviet Russia. Chinese Embassy at Berlin denies reports new Sino-Soviet agreement concluded by Sun Fo in Moscow.

June 5.—Capital Theatre, situated in ex-German Concession in Tientsin, allegedly Japanese owned, bombed and destroyed. Star Cinema, in Tientsin French Concession, also Japanese owned, bombed, but slightly damaged.

June 6.—Over 1,500 people killed and wounded and over 1,000 houses demolished in Canton as result of two air raids by 40 to 50 Japanese planes, according to official announcement. Sun Yat Sen University destroyed when 8 bombs exploded in its buildings. French Doumer Hospital received direct hit, blowing up part of the building and injuring Commander Talec, French military surgeon. Nearly 100 bombs dropped during raids. Rescue work impossible as Red Cross vans machine-gunned from air. A. P. Blunt, British Consul-General at Canton, protested to Japanese Consul-General in Hongkong against continual flights of Japanese planes over Shameen. Tsou Lu, Sun Yat Sen University Chancellor, denounced destruction of the University and other cultural institutions by Japanese airbombing.
Horror and indignation voiced in numerous world-wide telegraphic appeals against Japanese bombing of Canton dispatched by foreigners. Six American physicians wired statement to United States.
"War is not won by horror," commented **L'Epoque,** Paris paper. "War on Civilians" subject of leading article by **London Times.**

June 6.—Capture of Kaifeng, capital of Honan, by the Japanese denied in Chinese military communique issued at Hankow, which admitted, however, that Lanfeng had been evacuated by the Chinese.
"Kaifeng and south Honan areas," Chinese spokesman said "are suited for the operations of artillery and mechanized units. Since the Chinese army does not possess strong cavalry, artillery and mechanized units, our military tactics are not to dispute possession of fixed positions but to protract the war wherever possible, When topographical conditions are favorable to the Japanese, we avoid them, but if we have an opportunity to deal them a blow we shall do so."
Domei reported that Kaifeng fell before Japanese onslaught early this morning.
Area between Kaifeng and Chengchow flooded as result of damages to dikes of Yellow River.

June 6.—Civilians in Hankow to be evacuated; step taken in view of Japanese airbombing of Canton and present congestion in Hankow. Population in Wuhan cities estimated over 1,000,000.
Capital to remain at Chungking; Japanese report that seat of Government would be removed to Kunming, Yunnan capital, denied.

June 6.—Main Chinese units would avoid decisive clash with Japanese on flat Honan plains, foreign military observes in Shanghai believed.

June 6.—"Japan must control Hongkong—diplomatically," declared two proletarian members of Japan's Lower House on their return from the British colony.

June 6.—Tokyo Foreign Office spokesman declared that Japan would not welcome foreign intervention in her conflict with China.

June 6.—Administive Yarnell, Commander-in-Chief of U.S. Asiatic Fleet, returned to Shanghai aboard **U.S.S. Augusta,** after visit to Chingwantao.

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June 8.—Canton raided by 31 Japanese planes at night, caused many fires. Honam island, Wongsha station, Saichuen, Government offices and vicinity of White Cloud Mountain bombed. Thirty-five foreigners attached to staff of Lingnam University (American missionary institution) narrowly escaped death, when three bombs dropped on its compound. Some 400,000 persons have evacuated Canton during past ten days as result of continuous Japanese air raids. Commenting on Japanese air raids on Canton, the **News-Chronicle,** London, declares: "There is now scarcely any pretence that these murderous onslaughts have any other object than sheer, naked terrorism."
The New York Times stressted the great indignation caused throughout the United States by air bombing of open towns in Spain and China.
Japanese Foreign Office spokesman declared Japanese would continue air raids in China; Hankow and Canton included in cities to be bombed.

June 8.—National Government issued statement announcing closure of Chinese Embassy in Tokyo on June 11. Charge d'Affaires and other members of Embassy staff instructed to leave for China on same day. Step taken following coercive measures by Japanese.

June 8.—Japanese troops, in drive on Chengchow, junction city of Peiping-Hankow and Lunghai Railways, have reached Paisha, only 10 miles east of city, where severe fighting in progress.
Chinese and Japanese troops fighting for posession of Houma, strategically important town in south Shansi, situated on south bank of Fen River. Battle marked by intensive artillery fire on both sides. Chinese troops engaged in battle are under command of Gen. Wei Li-huang. Position of Chinese troops at Pienkwan, in northwestern Shansi, east of Yellow River, reported critical.

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FOREIGN CORRESPONDENTS:

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85-225

Newsman Finds Yangtsze Deserted Except for Japanese Ships

THAT the Yangtsze River, once swarming with international shipping, is now virtually deserted except for Japanese naval vessels, was the observation of Reginald Sweetland, *Chicago Daily News* correspondent, who returned to Shanghai recently after a trip to Nanking and Wuhu. Sweetland, who spent four and half days on his trip, traveled on board the U.S.S. Isabel with Admiral H. E. Yarnell, Commander-in-Chief of the U. S. Asiatic Fleet, and his staff. The first foreign correspondent to visit the two Yangtsze cities, Sweetland had an opportunity to tour war-scorched Nanking and Wuhu and to talk with foreign missionaries and diplomatic officials.

He was told that a previous press party which passed through Nanking was taken on a "conducted tour" by the Japanese officials, and given no opportunity to meet the cities' few foreign residents. The Yangtsze River with its lively boat and steamer traffic and with wharves crowded by panting, rushing coolies in the cities en route, which is familiar to all China residents, is a thing of the by-gone days, according to Sweetland. Now swelled by the current flood, which has mounted the river banks, the Yangtsze, from Nantungchow upriver to Wuhu is a desolate, deserted river.

During his trip to and from Wuhu, Sweetland saw only a handful of Chinese native crafts which stealthily plied the stream, flying Japanese, German, Portuguese or Italian flags. Between Shanghai and Nantungchow, he reported, there was an occasional British steamer which traveled as far as Nantungchow. Chinese junks, flying foreign flags, are comparatively numerous on this portion of the river, but the number can in no way compare with the busy shuttling of boats of the peaceful years.

Two Booms Passed

Throughout her trip to Wuhu, the Isabel only passed through two booms, one near Kiangyin Forts and another in the vicinity of Chinkiang. At the first barrier, the correspondent saw the red smokestack of a sunken steamer showing about one foot above the water. The second boom, Sweetland said, was not visible. However, at both places a Japanese destroyer was waiting to escort the American vessel through the channel.

Sweetland is of the opinion that the Yangtsze today is as safe for navigation as it ever was. The Japanese navy, he revealed had clearly marked the location of the booms with signs on the buoys and he saw no reason why foreign merchantmen should not be allowed to resume their navigation.

Japanese transports, he pointed out, appeared to be able to negotiate the channels without the slightest difficulty.

Passing through the Kiangyin Forts and the Lion Hill Forts near Nanking, the American newsman found that the Japanese had dismantled the guns and these have been placed on the banks of the river, apparently ready for shipment to Japan. All the other coastal artillery, he revealed, had been similarly taken down and stored on the edges of the river. All of the dismantled guns Sweetland saw showed evidence that they had not been fired. This was apparently because the Japanese, in their drive to Nanking, had skirted these forts and taken another route, he explained. One fort beyond Chinkiang, he added, shows signs of having sustained a direct hit from Nipponese naval guns.

All along the river from Shanghai to Wuhu, there was a continuous stream of Japanese transports, carrying soldiers, supplies and munition to the Anhwei city, Mr. Sweetland found.

Sweetland was told that in a recent survey made by foreign relief workers in Nanking with the consent of the Japanese authorities, the total damage done to the city was apportioned in the following manner: 50 per cent Japanese looting, 30 percent incendiarism, 10 per cent Chinese looting and theft.

Practically all the damage in Nanking, he was informed, was done after the Japanese occupation of the city.

An interesting sidelight of the Wuhu visit was the fact that the party found that the Customs clock on the waterfront has been set on Tokyo time for the convenience of the Nipponese.

On his trip through the Shanghai harbor, Sweetland found that the Japanese were carrying out extensive dredging operations near the Jukong Wharf and the Point Island. The Japanese authorities, with what appeared to be conscript Chinese labor, are feverishly building reinforced concrete wharves all along the river banks from the University of Shanghai downriver. The Nipponese authorities, the correspondent said, are apparently planning to establish a huge shipping base with the Jukong Wharf as the center. On his return voyage, Sweetland and the admiral's party found that the Japanese flag was still on top of the University of Shanghai building which the Japanese have occupied since the Chinese withdrawal. The Jukong wharf, the correspondent discovered, had been renamed Iida Wharf, while the Point Island is now known to the Japanese as the Showa Island.

Tokyo Stock Market Recovers

Stocks rallied over a wide front in Tokyo July 2 following the announcement by Seihin Ikeda, Minister of Finance, that he did not intend to restrict the dividends of business corporations. One to four yen gains were registered by munitions, steel, cotton, rayon, soda, and other shares.

Shanghai Americans Celebrate 4th of July

Shanghai's American community celebrated July 4th, their independence day, with a round of festivities which began with the traditional flag-raising ceremony and ended with a Fourth of July Ball at the Country Club.

Reminding local non-American residents of the fact that the day marks the birth of a great nation were the many American flags which fluttered in downtown Shanghai. The offices of the United States Consulate-General as well as leading American firms here suspended business to mark the day.

The day's celebration was launched at 8.30 o'clock at the Shanghai Race Course where the annual Fourth of July parade and the flag raising ceremony took place. As the Star Spangled Banner was solemnly raised before a large crowd standing at attention, the U.S. Fourth Marines fired a 21-gun salute to the President and the Flag. After the initial ceremony, the Marines and a detachment of American sailors paraded before Colonel Charles F. B. Price, Consul-General Frank P. Lockhart, Judge N. E. Lurton, S.M.C. Chairman C. S. Franklin and others.

Watching the parade was a large group of local American residents with their children, high consular, military and naval officials as well as members of the Shanghai Municipal Council. After the colorful ceremony, Mrs. Lockhart distributed American flags to the American children who were present at the parade.

The next event of the morning was the official reception given by the Consul-General, which took place at the Columbia Country Club. At this function, there was another large turn-out of the city's foreign diplomatic officials, military and naval officers and leading resident of the local community. Contrary to the customs of the former years, there was no reception this year for members of the local American community, the Consul-General's function being only open to the invited guests.

American Club Celebrates

Immediately after the Consul-General's reception, a large group of people went to the American Club to attend the organization's annual "at home" for members and their friends. The customary large crowd, which usually packed the Club's top floor dining rooms during past receptions, was present at the function. Members of the Club and their guests were treated to a buffet luncheon.

Climaxing the day's celebrations, several hundred members of the Columbia Country Club, their families and guests attended the colorful fireworks display on the premises of the organization, which took place at 9 o'clock. This function was followed by the Fourth of July ball and buffet supper at the Club.

The afternoon programs were taken up by two sports events. First of these was the annual baseball classic between the Shanghai Amateurs and the Fourth Marines in which the Leathernecks won by five runs to one. Watching the game were some 4,000 spectators who packed the Race Course grandstands. After the baseball match a section of this crowd adjourned to the Polo Ground of the Race Course to watch the polo game between the Cowboys and the Troopers. The troopers won, 11-4.

"Glorious Fourth" Celebrated at Hankow

The day was celebrated in Hankow by the American Consulate-General at a reception to both Chinese and foreign officials. Dr. H. H. Kung, President of the Executive Yuan, Dr. Wang Chung-hui, Minister of Foreign Affairs, Dr. Wong Wen-hao, Minister of Economics, and General Ho Ying-chin, Minister of War, Mr. Chow Fu-hai, Chairman of the Central Publicity Council, were among the Chinese officials who attended the function.

Emperor Hirohito cabled his felicitations to President Franklin D. Roosevelt on the occasion of the American Independence Day.

Japanese Cotton Mills Here to Install 1 Million Spindles

There are 53 Japanese cotton mills in China, of which 32 are located in Shanghai. During the Sino-Japanese hostilities in Shanghai in the latter part of 1937, a total of 700,000 spindles were damaged. In order to increase the productivity of the Japanese mills, the Japanese Ministry of Industry and Commerce has decided to install 900,000 spindles in the Japanese cotton mills in Shanghai. In addition, the mill owners will install another 100,000 spindles.

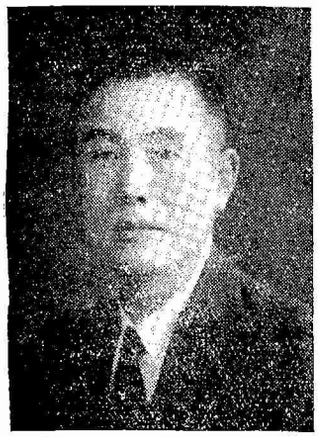
Boats Must Have Permits

To prevent terrorists from entering the Hongkew district, all kinds of small boats are now forbidden to come alongside the north bank of Soochow Creek, near the Garden Bridge, except those possessing permits issued by the Japanese authorities, *Domei* reported.

New Tobacco Plant to Open

A new factory will be opened by the Hwa Mei Tobacco Company here, Chinese sources reported this week. Damage amounting to $600,000 was suffered by the company's factory in Tongshan Road during the hostilities around Shanghai, the reports said.

Who's Who in China



趙世杰號子英
Chao Shih-chieh

Chao Shih-chieh, Government official; born at Chengtu, Szechwan, 1902; graduate of Szechwan Military Institute; served successively as staff officer, adjutant-officer, chief-of-staff with the rank of Colonel, Director of Sugar Tax Bureau, District Magistrate, Counsellor with the rank of Lieutenant-General; now Chief Secretary of Chungking Municipal Government; address: Municipal Government, Chungking, Szechwan.

"Reformed Government" Bureau Handles Goods in War Zones

A new bureau known as "Tung Chi Chu" to take charge of goods in war zones has been established by the "Reformed Government's" Executive Yuan. Upon application of merchants, the bureau will make investigations regarding goods within the war-stricken areas and facilitate their transportation. Inquiries as to whether the supply of certain goods is ample or the demand for certain other goods is high within the war-stricken area, may also be made by the bureau upon application.

The bureau will have a director, two secretaries, three departmental chiefs and a staff of 15 persons. When necessary, the bureau may establish branches in other cities.

Regarding the transportation and removal of goods from the war-stricken areas, a set of regulations has been published by the "Tung Chi Chu." The main points are: All details of goods in the war zones must be registered by owners with the authorities, such as quantity, value and other data;

Agents of the "Tung Chi Chu," accompanied by Japanese officials, will proceed to the spot where the goods are stored and make investigations; upon completion of investigations, a report will be made to the Japanese Military authorities, with whom rest all decisions as to how to deal with such goods; when the Japanese military authorities have decided to return the goods to the owners, the latter will be notified by the "Tung Chi Chu," and then will be allowed to remove the goods after paying a small fee amounting to three per cent of the goods' assessed value; when the military authorities have decided to confiscate and detain such goods, their value will be assessed jointly by the "Tung Chi Chu" and Japanese officials and the owners will be compensated; should the military authorities have decided to confiscate such goods, the reason or reasons for such action will be listed in a written document which will be forwarded to the owners through the "Tung Chi Chu."

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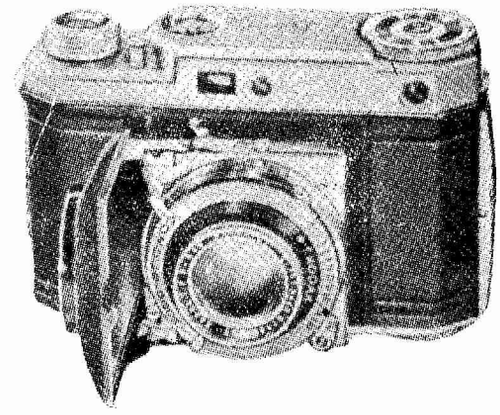

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Men and Events

The Rev. Ronald D. Rees departed last week for Hankow and Chungking, traveling by way of Hongkong and Canton.

Gen. Tai Chi, a commander of the 19th Route Army, has been appointed Commissioner of Civil Affairs of Anhwei province.

The Philadelphia School of Divinity has conferred the degree of Doctor of Divinity upon the Rev. Robin T. S. Chen of Anking. Dr. Chen is now at Kuling attending the summer institute.

Lt.-Gen. Kenji Doihara, long active as the leader of Japanese intrique in North China and now commander of a military unit along the Yellow River, returned to Japan for a conference on July 3.

The Tokyo War Ministry has appointed Lieut.-Col. Masayoshi Iijima as Military Attache to Berlin in place of Lieut.-Col. Tatsuzo Nii. Col. Nii was largely responsible for initiating the movement for the Japan-Nazi-Mussolini antired pact.

The Chungking telephone exchange, previously operated by the Chungking municipal government, was taken over to the National Ministry of Communications on July 1, according to a report by *Kuomin*.

The National Government has issued a mandate of commendation to Li Tsun, a Chinese resident of Singapore who contributed $100,000 toward the foundation fund of the Graduate School of the National Central University.

Hatsusaburo Hirao, adviser in economics to the Japanese Army in North China, has gone to Tokyo for a conference with members of the Cabinet. Mr. Hirao is also vice-chairman of the Sino-Japanese Economic Council of North China.

According to *Domei*, no person will be permitted to embark as passenger on coast wise ships operating to the north of Shanghai, unless they provide a "shop-guarantee," the object being to prevent pirates from embarking as ordinary passengers.

Frederick Patrick O'Hara, Irishman, representative in Japan for the London Globe Insurance Company, who was deported from Japan on a charge of espionage, arrived in Shanghai on Sunday of this week. He refused to make any statement on the case.

M. G. Sabattie, assistant president of the French Municipal College, departed from Shanghai this week for France where he plans to live in future. Mr. Sabattie has been connected with educational matters in the French Concession for 24 years.

The Ministry of Education at Hankow has appointed Yu Ching-sung, director of the Astronomical Bureau of Academia Sinica, as delegate to Sixth International Astronomical Conference, scheduled to be held shortly in Stockholm, Sweden.

According to the *Nichi-Nichi*, leading Tokyo newspaper, the Kailan Mining Administration, well known British coal mining company at Tientsin, has sold 1,700,000 tons of coal in Japan since the contract with Japanese industrialists was made two months ago.

Miss Mignon McLay, daughter of R. M. McLay, manager of the National City Bank of New York, lost $1000 worth of jewelry on the night of July 1 when a thief entered their residence, collected the jewelry in Miss McLay's bedroom and managed to escape through a window.

The *Ta Mei Pao* reported on July 2 that Pang Yü-kwei, mayor of the Japanese controlled areas at Tientsin, has been detained by the Japanese authorities at Peiping. Pang, according to the report, had not attended office for a considerable period, allegedly on account of illness.

Y. C. Yang, former Chinese Charge d'Affaires at Tokyo, who recently returned to China following closure of the Embassy in Japan, has been appointed director of the Department of Asiatic Affairs in the Foreign Ministry at Hankow. Kao Tsung-wu, who formerly was head of the department, has resigned.

Chief Inspector J. Huet, for twelve years in charge of the French Concession Police Fingerprint Division, is departing shortly for France where he will reside in future. Mr. Huet has been in China 33 years, most of the time a member of the French Concession Police Department.

J. B. Powell, editor and publisher of *The China Weekly Review*, spoke before the members of the Shanghai Medical Society on Thursday evening, June 30 at the French Club. Dr. L. McGolrick, vice-president of the Society presided. Mr. Powell spoke on the current Sino-Japanese crisis.

According to a report by the German *Trans-Ocean* service, the Tokyo general staff will shortly appoint Gen. Koiso, former chief of the general staff and of the Kwantung Army in Manchukuo as commander-in-chief of the Japanese Army in North China. He will succeed Gen. Count Hisaichi Terauchi.

T. V. Soong, chairman of the board of the Bank of China and former Finance Minister, has been confined to his home with a serious attack of fever, according to a report by *United Press* from Hongkong on July 1. Mr. Soong became ill shortly after returning from a trip to Hankow.

The Manchukuo government has decided to send a goodwill mission to Rome, Berlin, Spain, and certain South American countries. The mission will be headed by a Chinese Han Yun-kai but will largely be composed of Japanese experts attached to the Hsinking administration. The party will spend considerable time in Tokyo receiving instructions prior to sailing.

Dr. Hu Shu-hua, president of Chungking University, tendered his resignation to the Szechuen government on July 1, but owing to his satisfactory service for several years, the provincial government urged Dr. Hu to remain in office. Students and faculty of the University also petitioned Dr. Hu to remain.

The Tientsin telephone exchange, formerly owned by the Chinese Government and operated by the Ministry of Communications, was taken over on July 1 by an international committee composed of the British, French and Italian consuls. They will control future operation of the system. The exchange was located on British concession territory.

N. Aall, Norwegian Consul at Shanghai, has been appointed by the Norwegian Government as Minister to Rio de Janeiro. Mr. Aall has served as Consul in Shanghai for more than a decade and on several occasions has served as chairman of the local Consular Body. He is one of the best known foreign consular officials in the Far East.

According to the Soviet *Tass* agency the Commissariat of Communications of the U.S.S.R. is constructing a new telegraph-telephone line from Moscow to Khabarovsk, said to be the longest direct line in the world. It has already been completed, with new intensifying stations, between Moscow and Irkutsk, a distance of 5,500 kilometers.

A. L. Carson, an American and the Rev. A. E. Clayton, a Briton, were forcibly removed from a train on the Tsinan-Tsingtao line by Japanese soldiers and detained for prolonged questioning. The incident occurred on May 27 and in response to a strong American protest, the Japanese military responsible stated that they thought the men were German and Russian.

The United States Attorney Benjamin Harrison, at Los Angeles, has filed more than 200 legal actions against owners of fishing craft operating on the U. S. West Coast which are believed to be Japanese-owned and improperly registered as American craft. The U. S. Attorney said that within a year all fishing craft on the coast would be American owned and operated.

Lt. Gen. Rensuke Isogai, former military attache at Shanghai and Nanking and now commander of troops on the Lung-Hai sector, arrived at the Fukuoka Naval base on July 3 on his way to Tokyo for a conference with officials of the War Ministry. Gen. Isogai was one of the Japanese commanders involved in the Battle of Taierchwang.

The Japanese military authorities announced last week that "contrary to an earlier announcement of the Post Office," no branches will be permitted to reopen in the areas outside the Settlement. Previously the Post Office operated branches throughout the Yangtsze delta region in all villages and cities, and there recently has been a strong demand for re-opening same.

The U. S. S. Augusta, flagship of the Asiatic Fleet, accompanied by the Isabel departed from Shanghai for Tsingtao on Saturday, July 2. Later the ships will proceed to Chefoo where they will remain for the rest of the summer and will be joined by the U. S. Destroyer Squadron which is now at Manila. The Submarine Division, now at Manila will also proceed to Tsingtao this month.

A party of American college students, consisting of 25 men and 25 women, is scheduled to arrive in Tokyo on July 18 to participate in a Japanese-American Student Congress. The group is traveling on the Dollar liner President Wilson. The Japanese authorities have assembled 111 specially selected college students who will participate in the discussions, concerned primarily with Japanese-American relations. After a tour of Japan the American students will be taken on a long tour of Manchukuo. They are scheduled to sail from Yokohama for America on August 19.

The Shanghai Cosmopolitan Club, of which the late Dr. Herman C. E. Liu was president, will suspend all activities in the summer months and probably will not meet until next October, according to a notice mailed to members on June 30 by Edward Y. Hsu, acting secretary. Other officers of the organization included W. C. Cassels, vice-president; W. H. Plant, vice-president; E. Kruger, treasures; P. K. Chu, secretary and the following directors, Romolo Angelone, Michel Breal, Poeliu Dai and Singloh Hsu. The club held monthly luncheon meetings at the Park hotel at which time there were addresses and discussions on current topics.

Dr. Chunta T. L. Chao, leading Chinese educator in Tientsin, was shot and killed by two Chinese gunmen on June 27. Dr. Chao was principal of the Kung Hsueh School and a member of the municipal council of the British Concession at Tientsin. Dr. Chao was walking to his school, accompanied by a municipal detective when the gunmen rode by on bicycles and opened fire. The detective was also wounded. Dr. Chao was 52 years of age, a native of Tientsin and held three degrees, A. B., LL.B. and LL.D. from Harvard. He was formerly assistant manager of the Kailan Mining Administration.

The Chinese Fishermen's Association at Hongkong, in a report to the delegates of the World's Students' Association that 8,430 Chinese fishermen, including 1,215 women had been killed by the Japanese since the beginning of the war. The worst situation prevailed in April when Japanese naval craft destroyed 162 fishing junks causing the deaths of 2,430 fishermen, in many cases entire families aboard the junks being wiped out by gunfire from Japanese destroyers which used the junks as targets. In one case Japanese sailors boarded a fishing junk anchored outside Macao and bayoneted 40 persons abroad, including several women. One sailor named Chang Shih-wu jumped overboard and after several hours in the water was picked up and taken to Hongkong.

Mrs. H. Melchers, whose husband is manager of *Transocean News Service*, has gone to Japan on vacation.

C. J. Chancellor, general manager of *Reuters* departed this week on a trip to Hongkong, Canton, Hankow and Chungking He plans to return by way of Yunnan and French Indo-China.

Lieut. George Phelan, Intelligence Officer, U. S. S. Augusta, was scheduled to depart from Shanghai for the United States on July 9. He will proceed first to his home at Memphis, Tennessee and will then go to Washington for special duty at the Navy Department. Lieut. Phelan was in charge of the press arrangements aboard the Augusta when the survivors of the U. S. S. Panay were brought to Shanghai.

R. M. White has joined the office of the National Christian Council at Shanghai where he will serve as a member of the secretariat until the return of the Rev. C. L. Boynton who is now in the United States on leave. Mr. White is a member of the Presbyterian Mission. Dr. W. Y. Chen, general secretary of the Council, has returned from a trip to Foochow to visit his mother who was ill. She was brought to Shanghai for medical treatment.

A German woman, Mrs. Dorothy Moll, charged with fraud and larceny in a private criminal lawsuit by Dr. E. Stolar, in the First Special District Court last week, was found not guilty by Judge Te. Dr. Stolar claimed Mrs. Moll had defrauded him of a check for $250. He said he had treated her, but when he presented her with a statement she brought a check for $1500 asking him to cash it and give her a check for $250. While he was temporarily out of the office, he charged that Mrs. Moll took both checks.

The Executive Yuan at Hankow has appointed an Agricultural Promotion Commission for the purpose of promoting agriculture during the war. The Commission appointed by Dr. H. H. Kung, will consist of Mu Ou-chu (chairman), former vice-minister of Industry; Dr. Weng Wen-hao, Minister of Economics; Prof. J. Lossing Buck of Nanking College of Agriculture; Yeh Tso-tang, Chou Ping-wen, Liu Fu-yin, Chang Fu-liang, Hsu Ting-hu, Chang Chin-ou, Shen Tsung-han, Chien Tien-hao, Wang Chih-hsin, Chang Tsung-chen.

A report in the *Sin Wan Pao*, June 28, stated that the British management of the Shanghai-Nanking-Hangchow Railway and the Anglo-Chinese Syndicate, which control's the Railway's business and finances, had definitely refused to lend money to the Japanese for the purchase of rolling stock. The road is supposed to have suffered losses well over $2,500,000 as a result of the hostilities. The British authorities have sent two representatives to London to make a detailed report to the head office of the Syndicate.

Stanley Dollar, president of the American Mail Line and Dollar Steamship Lines, conferred on June 20 with civic and business leaders in Seattle about the continuation of an American flag shipping line from Seattle to the Orient. Mr. Dollar said he would cooperate in any plan that would be profitable to Puget Sound interests and satisfactory to the U. S. Maritime Commission at Washington. Mr. Dollar expressed the hope that the mail line could be continued.

C. V. Hutchinson, listed as an "unrecognized" Briton, appeared before Judge Siao in First Special District Court, July 6, charged with receiving stolen scrap-metal. Hutchinson had opened a shop in partnership with a Japanese named Tanaka at 811 East Yuhang Road, each having put up $5,000. The Japanese was convicted in the Japanese consular court and had testified implicating his partner. Several Russians convicted of looting also testified to having sold their iron to the shop. Hutchinson and a Chinese associate plead not guilty and was released on $1,000 shop-guarantee. Considerable metal stolen from the Shanghai Power Company was recovered.

The Japanese authorities have practically decided to cancel plans for holding an international exposition in Tokyo in 1940, according to a *Domei* report on July 3, stating it probably would be necessary for the nation to "concentrate attention on the military situation." The exposition was originally planned to be held simultaneously with the Olympic Games, both of which were to commemorate the 2600th anniversary of the founding of the Japanese Empire. Shortage of steel supplies was given as a chief reason for cancelling the plans, but another reason, unannounced, was the refusal of most foreign governments to participate. It is also likely that the plan for holding the Olympics will also be cancelled —for similar reasons.

Pawnshops Suffer in Kiangsu, Chekiang

Damage caused by the hostilities to Chinese pawnshops along the Shanghai-Nanking and Shanghai-Hangchow-Ningpo Railways is estimated at more than $60,000,000. A total of about 400 pawnshops along the two lines was destroyed. Only a few pawnshops situated in Chapei and Nantao managed to remove their valuables to the foreign-controlled areas.

China Asks U.S. Wheat Loan

The United States government is understood to be informally discussing a Chinese request for a loan of wheat. The amount specified is reported to be 100,000,000 bushels. Well-informed circles in New York, however, believe that the application will be rejected owing to strenuous objections on the part of the State Department.

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85-229

Propaganda,—For China and for Japan

PROPAGANDA, which, to use Dr. G. Catlin's capable definition, is "the mental instillation by any appropriate means, emotional or intellectual, of certain views",—has an important and legitimate place in democratic society. It takes a crisis, such as war, to transform propaganda into a dangerous, destructive and hideous weapon, which seeks to do permanent damage to ideals and institutions. In such times, propaganda often turns to lies and misstatements to achieve its ends.

An immense amount of propaganda has been poured into the ears of the mythical Man-in-The Street during the current Sino-Japanese war. By means of world-wide publicity, China has sought to turn universal sympathy into active assistance in her struggle with the invader. Japan, on the other hand, has been spending millions of yen for an international propaganda campaign, designed to persuade foreign Powers that her armies were engaged in a "holy crusade to save civilization from Communism". The task set for Nippon's highly-paid public relations counsels was to ensure an absolute absence of interruption while Japan was dismembering China.

Because of the obvious righteousness of her case, China neither had to nor did, on the whole, make use of the nefarious methods employed by Japan, which has revived all the lies, fabrications and appeals of the world war era, from women's mutilated bodies to the defense of civilization against barbarism. How the propaganda of the two nations operates is well demonstrated in two books published recently in New York and London. These are works of Carl Crow[1] and K. Kawakami[2], presenting respectively the cases of China and Japan before the bar of international public opinion.

Skilled Propagandists

Both authors are skilled propagandists,—possibly the best writing for the countries they represent. Mr. Crow was engaged in the gentle art of swaying popular mind as long ago as 1917, when he served with Mr. Creel's Committee on Public Information. Mr. Kawakami is a trained newspaperman, whose persuasive talents have been put to the uses of the Japanese Army ever since the latter embarked on its China adventure in 1931.

Although undoubtedly falling under the classification of propaganda, Mr. Crow's "I Speak For The Chinese" is a simple, straightforward recital of the history of Sino-Japanese relations ever since Nippon had begun to harbor Imperial aspirations.

If anything, the book suffers from understatement. There is but a mere mention of Japan's invasion of Shantung in 1927, of the infamous Tangku Truce agreement of 1933 or of the subsequent events in North China. There are perhaps other defects, such as the excessive use of First Person Singular or failure to appreciate the potential strength of the Communist movement in this country. Yet, the book fulfills its aim. Its apparent honesty, sincerity and simplicity attract the ordinary reader, who cares not for the intricacies of Sino-Japanese differences but seek a brief, unpretentious recital of facts.

In contrast to this stands the pseudo-scholarly work of Mr. Kawakami, whose method is not to convince the reader by his honesty but to befuddle the reader by the wealth and variety of his "facts." As a result,—the Japanese Army will be displeased to learn,—Mr. Kawakami loses his case. Mr. Kawakami's basic premise is that Barnum's proverbial suckers are so avid for news and views of the Orient, and at the same time so pathetically ignorant of things Oriental,—that they can be served hastily and crudely prepared falsehoods in the guise of authoritative information.

Trumped Up Documents

His appeals and technique are obvious to the naked eye. Instead of dealing with the China question from the outset, he spends a third of the book making desperate attempts to frighten his Conservative British reader by roughly-hewn allusions to the sinister machinations of the Comintern.

Into this anti-Red brew he tosses the famous Zinoviev letter (proved to have been a forgery), the "documents" seized by Chang Tso-lin in the Soviet Embassy in Peiping, and other "confidential data," whose source he is not in a position to disclose. As a special service to its reader, the *China Weekly Review* reveals here now that these confidential documents,—especially those dealing with various secret Sino-Soviet pacts,—have been prepared by the experts of Kokutsu News Agency in Changchun and have first blushingly seen the light of day in the Manchuria Daily News (the house organ of the South Railway Company), wherefrom Mr. Kawakami apparently borrowed them.

With the reader in the proper state of alarm over the menace of Communism, Mr. Kawakami then proceeds to paint with a fine brush the picture of the Kwantung Army as a fearless crusader, fighting without any ulterior designs for permanent peace in the Orient and the perpetuation of Western civilization.

An incident after another smoothly slips past Mr. Kawakami's pen as the Japanese Army protects civilization from Bolshevism deeper and deeper in Chinese territory. When the Red tide threatening Japan and civilization is mopped up in Manchuria, the Army continues to safeguard the world by advancing into Jehol, then North China, then filing draconic demands with the Central Government, then launching a general invasion of China. But Mr. Kawakami is so hard pressed for proofs of China's infamy and Japan's righteousness that he embarks on the risky path of falsehoods. Once a lie is moulded, he laboriously erects upon it a structure of conclusions damning China and whitewashing Nippon.

One example: " . . . Chang Hsueh-liang, always a rich man, now made doubly rich after the Sianfu coup, has been enjoying the life of Shanghai since his return from Paris. Such are the ways of China," declares Mr. Kawakami. But,—did Gen. Chang go to Paris after the Sian coup? Has he been enjoying the gay life of Shanghai? And if these are lies,—as readily recognized by any newspaper reader in London as in Shanghai,—are these the ways of China?

Or this example of colossal impudence: " . . .The anti-Communist pact signed between Japan and Germany on Germany on November 25, 1936, is perfectly understandable. Note the date. For two years before it was concluded Chang Hsueh-liang, whom Nanking had appointed 'Pacification Commissioner,' had been increasingly intimate with the native Communist Army and with Moscow. It was evident that Chang, instead of 'pacifying' the Red forces, had been instigating them against Japan. His scheme was to let the Reds penetrate into the Inner Mongolian provinces of Suiyuan and Chahar, with a view to effecting a junction with the Red regime of Outer Mongolia, virtually a Soviet province. And the ominous part was that Generalissimo Chiang Kai-shek had appointed that man, Chang Hsueh-liang, to the anti-Communist post knowing full well that Chang's cherished desire was to embarass Japan through Red activities. Thus, long before the outbreak of the present Sino-Japanese hostilities, there had existed a tacit understanding between Generalissimo Chiang Kai-shek and the Red Forces."

Not in Accord With Facts

The implication of this innuendo is perfectly clear. Gen. Chiang had conspired with the sinister men in Moscow to do harm to innocent, exposed Japan. Therefore, merely to safeguard herself, Dai-Nippon had to make a "protective" blow to "Bolshevist China."

The plain truth, known to all, is, however, at variance with Mr. Kawakami's crudely-doctored charge. Up to the end of 1936,—that is, two years after the "Young Marshal's" appointment as deputy-commander of the anti-Red forces,—the Communists had no bitterer nor more active foe than Gen. Chiang. To the patriots, aroused by the rape of Manchuria and the steady encroachment upon North China in 1933-36, Gen. Chiang consistently counselled to root out Communism before girdling themselves for a defensive war with Japan.

This also is generally known: Gen. Chiang maintained his anti-Communist stand through 1931-36 at the risk of personal popularity and in the face of a rapidly mounting popular demand for a check to Japan's Imperialist adventures on Chinese territory.

Lacking any legal justification for attacking China, Japan is strenuously exploiting the Red bogey, in a futile attempt to frighten the Communism-conscious Capitalist Powers into acquiescence for Nipponese expansionist schemes. The argument can, however, deceive no one (except possibly Italy), for Gen. Chiang's ruthless suppression of the Communist movement has received the widest possible publicity.

It is not, however, until one reaches the concluding chapters that the book becomes truly amusing. It is especially so to readers in Shanghai, who have had the doubtful advantage of first-hand acquaintance with Japanese methods. Japan, Mr. Kawakami declares in all seriousness, fought here not only because she wished to protect herself, but also because she was eager to safeguard the interests of foreign Powers, menaced by the Chinese. Had the latter had no Japanese of face them, they would have overrun the Foreign Settlement. Best comment on this statement can be made by the foreign residents and industrial interests in the Hongkew area.

Mr. Kawakami Not Informed

"If (Japan) succeeds," he declares, "she will make foreign investments and foreign property in China safe from Chinese abuse and Communist disturbance...(and)the trade which the United States, Great Britain, and Germany have developed in China will not diminish but increase.

"Whether Japan will succeed or fail...will depend largely

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1. *Carl Crow, "I Speak For The Chinese", Harper Brothers, New York & London. 1937. 84 pp.*

2. *K. K. Kawakami, "Japan In China, Her Motives And Aims", With a Foreword by Viscount Ishii. 1938, London, John Murray. 188 pp.*

upon foreign, i. e. Anglo-American attitude. Should she fail through foreign obstruction or non-cooperation, what will be a long period of worse chaos than China has witnessed in the past few decades—the revival of Communist activities... ; endless civil war, with all its terrible concomitants; the complete spoliation of the foreign-financed railways; increasing insecurity of foreign life and property...

"If, on the contrary, Japan should succeed through foreign co-operation, there would eventually emerge a new China, a better country both for the Chinese and the foreigners to live in...".

The mildest comment we can proffer is that Mr. Kawakami is apparently uninformed on the *realities* of the situation.

V.

Further Japanese Restrictions

Further rationing of gasoline and severe restrictions on the use of leather for the manufacture of non-essential articles are among the latest wartime economies introduced in Japan. Private motor-cars are now allowed only 1½ gallons of gasoline a day instead of the recently imposed quota of two gallons. Taxicabs have had their daily allowance of 7.2 gallons reduced to 5.7 gallons, while the supply for 'buses has been cut by 10 per cent. Drivers of all kinds of petrol driven vehicles have been urged to coast on down-grades and wherever else possible.

Princes and princesses of the blood, it is announced, will travel by rail whenever possible in accordance with the "save-fuel" campaign. Officials and other employees of members of the Imperial Family will do likewise.

A large-scale movement for the encouragement of savings has also been started. Seihin Ikeda, Minister of Finance, has urged the women of Tokyo to co-operate in the drive to save Yen 8,000,000,000 this year to make possible the full absorption of "China Incident" bonds.

Publicity Drive Started

Lectures, movie shows, posters and pamphlets are all being used to develop this particular campaign. Among the articles affected by the restrictions on the use of leather are handbags, knapsacks, slippers, chair-covers, gloves and sports goods. To meet this situation, manufacturers of sports goods have decided to use whale-skin for footballs and alligator skin for basketballs.

Mammoth pinwheels and skyrockets will not sizzle and boom over the Sumida River this year. Residents of the capital will be deprived of their annual time-honored fireworks display as they give their attention to weightier matters in the nation's economy drive. Some of the materials that would have gone into the manufacture of the fireworks may help make shells for the troops in China. The fireworks display was to have been held on July 23.

Rayon Prices

Maximum prices of rayon yarn will be fixed on July 1, the Ministry of Commerce and Industry has announced. After that date exports of rayon fabrics and imports of pulp will be linked.

The new economies, according to a semi-official statement, have been introduced because "Japan is now fact passing into a pure wartime stage, with every possibility of fighting a protracted stage whether she likes to or not."

Japanese Police Inspect Hongkew Market

Drastic steps were taken by the Japanese consular police on July 2 against merchants of the Hongkew market in a shop-to-shop examination of goods, local Japanese papers reported. Working in four squads, the police examined goods at 170 stalls of the Hongkew market for two hours. Decomposed and otherwise unfit goods were confiscated at thirty shops, while the merchants were strictly reprimanded. Sixteen restaurants and tea booths on the upper floor of the market were ordered to close by July 15 on the ground that their hygienic conditions are not up to requirements.

Be As Bright As The Morning!

YOUR SUMMER TIME NEED.

Days are warm and sunny, flowers are in full bloom, clothing is light and gay—with all this cheeriness about faces should be cheerful and spirits bright too. This is easy if the digestive and eliminative organs are in good working order, to ensure which an occasional dose of Pinkettes is usually all that is required.

If you are feeling off-colour, liverish, headachy, or if you are constipated, try a dose of Pinkettes and see how soon they put you right. To correct a pimply skin and to relieve piles Pinkettes are equally helpful. All chemists sell this ideal laxative.

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German Advisers Finally Leave Hankow for Germany

Twenty-six German military advisers to the National Government, headed by General Alexander von Falkenhausen, left Hankow July 5 morning on a special train en route to Hongkong. An earlier unconfirmed report, however, said that von Falkenhausen did not leave.

Many distinguished Chinese military and Government leaders were present at the station to bid the Germans farewell. They included General Ho Ying-chin, Minister of War; General Ho Yao-chu, General Chiang Kai-shek's representative; General Chien Ta-chun, head of the Chinese Air Force; General Yu Fei-peng, Chief of the transportation department of the Generalissimo's headquarters, and Tuan Mou-lan, representing the Foreign Minister, Dr. Wang Chung-hui. The advisers were originally to have left by the International train June 28, but for some reason postponed their departure at the last minute.

Gen. Alexander von Falkenhausen Chief of German Advisers Group consisting of 60 officers.

Chinese official quarters expressed satisfaction with the long and loyal service rendered by the German advisers to the Chinese Government. It is pointed out that the German advisers were employed by the Chinese Government in their personal capacity, and the terms of their employment were embodied in personal contracts concluded with them as individuals.

Some of the German advisers have been in the service of the Government for more than ten years, while others have served for a least five years. They were recently instructed by Herr Adolf Hitler to depart from China. Taking into due consideration the difficult situation in which the German advisers were placed by Herr Hitler's order, official quarters here pointed out, the Chinese Government decided to accept their resignations, although their contracts have not yet expired. The Government is nevertheless grateful for the valuable rsrvices which they have rendered to China in past years, *Kuo Min* said.

Volume on Arms Trade Control

A 241-page volume, "National Control of the Manufacture of and Trade in Arms," which has just been published by the Secretariat of the League of Nations, is the result of a request to the Secretariat by the Bureau of the Disarmament Conference in May 1937 to collect any useful information available on methods of national control of the manufacture of and trade in arms in the principal countries.

A separate monograph is devoted in the volume to each of fourteen countries: Belgium, United Kingdom, Czechoslovakia, Denmark, France, Germany, Italy, Netherlands, Norway, Poland, Sweden, Switzerland, U.S.A. and U.S.S.R. A summary of the whole situation is given for each of these countries and is followed by extracts from its relevant legislation. The information for each country is arranged under the headings: A. Arms and Ammunition—with sections on manufacture, external and internal trade—and B. Explosives.

The volume shows the degree to which authorization, licences or permits for the manufacture of arms and armaments, as well as systems of centralized supervision, control and inspection, or partial or complete nationalization, exist in the countries mentioned. Similar information is given in respect of the external and internal trade. The sections on explosives show that special legislation on this matter is in force in all these countries and usually antedates by many years the legislation dealing with arms and ammunition. The State as a rule exercises stringent control over the manufacture of and trade in explosives.

Dr. Kung Reviews One Year of War With Japanese

DR. H. H. KUNG, president of the Executive Yuan and concurrently Minister of Finance, in an article reviewing the first year of hostilities, especially written for the *United Press*, said that "For one year the world has been witness to a wild fire burning and spreading fiercely and steadily in the Far East, reducing millions of innocent, peace-loving Chinese homes into ashes and ruins and reflecting its light even in the skies of distant lands."

Dr. Kung, in part, further stated:

Unless this fire is checked in time the fate of China today will become the fate of other nations tomorrow and the future of mankind and civilization may be doomed. Japan's latest aggression in China is but a step forward in her ruthless program to realize the frantic dream of establishing hegemony in the Pacific and eventually domination of the world.

Gen. Tanaka's well-known memorial revealed the truth to the world in laying down the policy that to conquer the world Japan must first conquer China and to conquer China she must first conquer Manchuria. Few in the world really comprehend the peculiar Japanese mentality and its dire consequences for the world. While Japan's miltarists are mad with unbounded lust for power and supremacy her people are fanatic in the belief that they are God's chosen descendants upon whom rest the destiny of Asia and "the divine mission" of ruling the world. Hence their slogan, "Asia for the Asiatics, which really means, "Asia for the Japanese."

The indifference and impotence of the powers toward Japan's invasion of Manchuria in 1931, however, encouraged a fresh release of the forces of war and aggression with the result thta the fire kindled by Japanes has spread from Manchuria into that portion of China inside the Great Wall and the winds from asia to other parts of the world are already hot with its scorching breath and none knows yet when and where it will stop.

So she has been fighting the aggressor bold-faced and alone because other powers co-signatories to the League Covenant, the Anti-War Pact and the Nine Power Treaty have been cowed by Japan's bluff and threat into becoming onlookers with their arms folded and their consciences salved by mere pious hopes even while their own vital rights, interest and prestige are being seriously jeopardized by the aggressor.

Meanwhile China wonders whether far-sighted statesmen of the world will come forward timely and courageously to stop the raging fire of Japan before it spreads to their very homes or whether this generation will declare international moral bankruptcy.

July 7th Bombings Keep City in Uproar

Shanghai experienced one of its most hectic days since hostilities moved beyond the city last fall, on July 7, the first anniversary of the Sino-Japanese war, when pro-Chinese elements hurled eight bombs, killed six persons and wounded nearly a dozen pedestrians up until noon of July 7 (*China Weekly Review* press time).

Two bombs were thrown at the Kung Dah Mill, in the British sector, injuring two persons. On North Thibet Road, a Japanese sentry was shot and, in retaliation, three Chinese were killed. A Japanese civilian was shot and killed on Markham Road. A bomb was tossed at the Government Ferry, the Bund, and a Japanese fired on a group of Chinese, killing one, wounding another. On Robinson Road, another Japanese civilian was shot and wounded. Bomb-throwers also hurled their missiles at the Yokohama Species Bank, a spot on Macao Road, and one at a Japanese sentry on the North Szechuen Road bridge, the bomb in this instance failing to explode.

Unconfirmed reports received by the *Review* at press time also said that one Japanese was killed and three Chinese were wounded on Rubicon Road; on Avenue Road, one foreigner, one Japanese and one European were wounded.

Is Your Leave Overdue?

Circumstances sometimes compel a postponement of home leave and should this happen to you the state of your health should be your first concern, for with good health you can carry on long after you are due for a change of climate.

The first essential of good health is good blood, for all the nerves and tissues of the body derive their nourishment from the blood. Unfortunately, the eastern climate makes considerable demands upon the blood stream, and it is therefore advisable periodically to rehabilitate the blood by means of a tonic, of which there is none to surpass Dr. Williams' Pink Pills, devised by an eminent British physician.

Dr. Williams' Pink Pills actually create new rich red blood, and have proved a reliable and highly effective remedy for ailments arising from a depleted blood stream such as indigestion, insomnia, neurasthenia, rheumatism, nervous debility, and the aches and pains peculiar to women. Start building up your health to-day with Dr. Williams' Pink Pills; you will be pleased to find how soon you feel better. They are equally good for men and women. Obtainable from chemists everywhere.